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November 30, 1970

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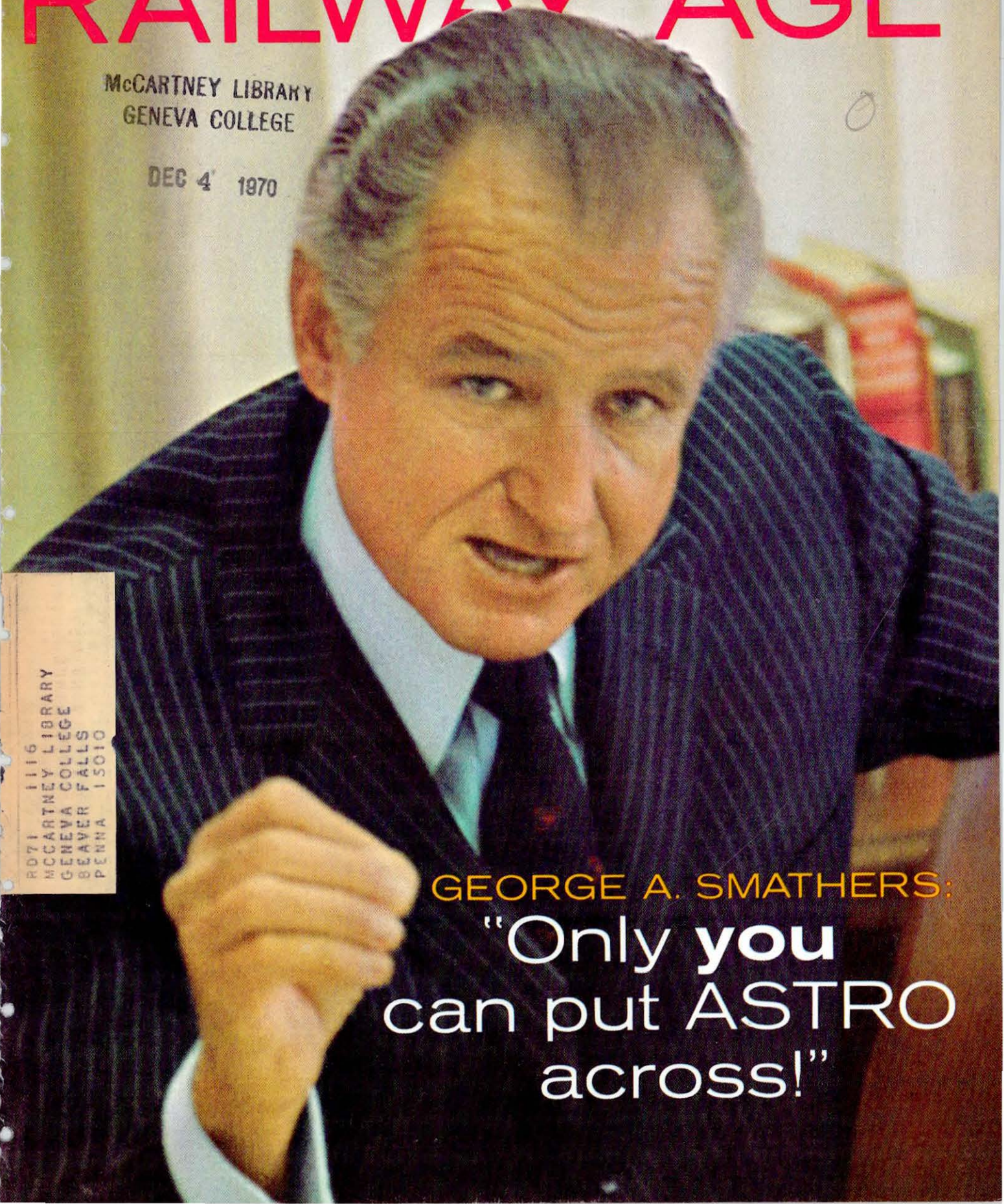

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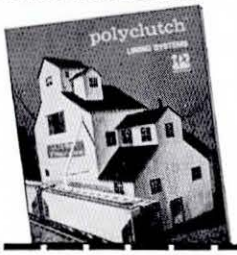

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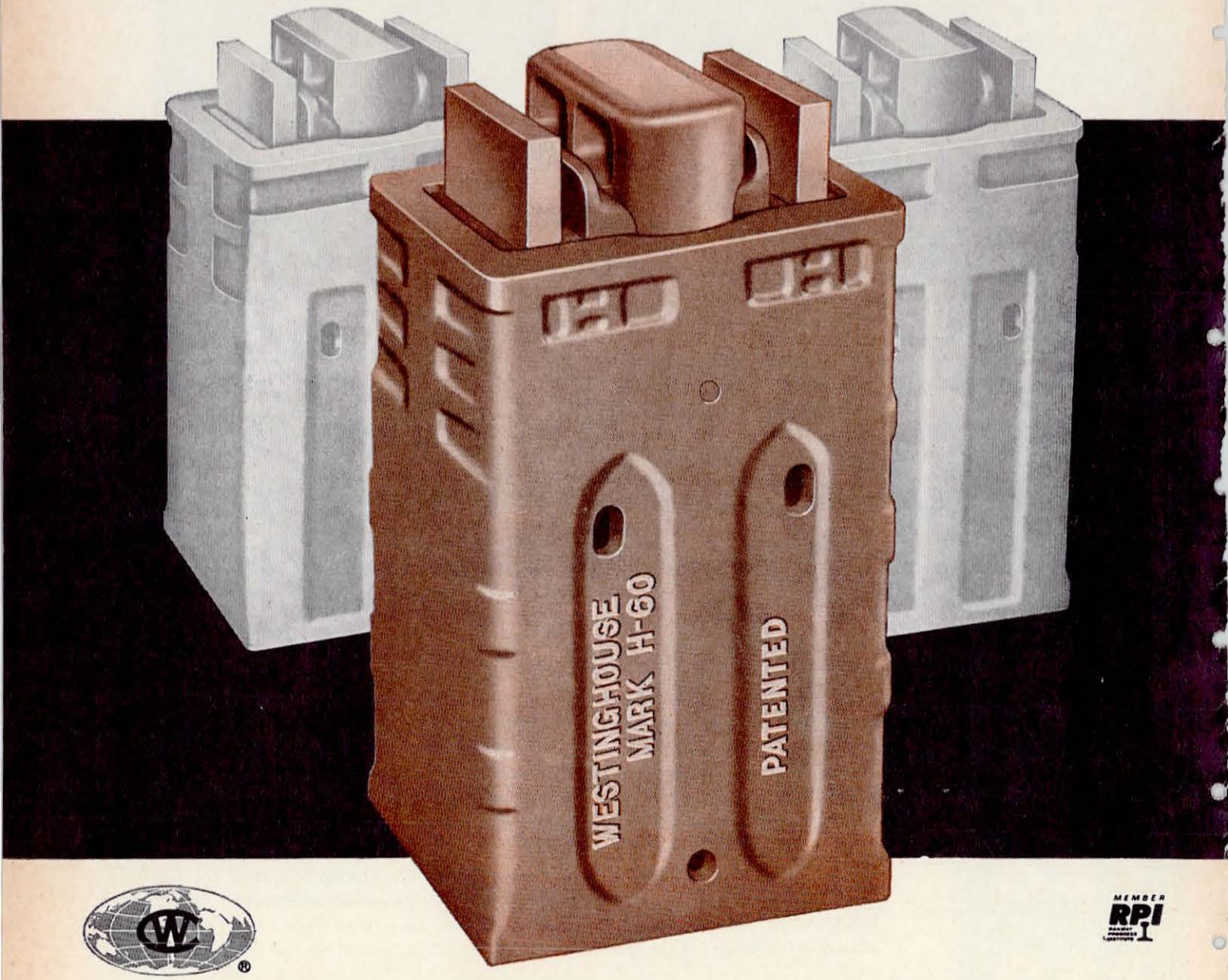

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RAILWAY AGE

November 30, 1970 • Vol. 169 No. 10

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Railway Age, established in 1856, is indexed by the Business Periodicals Index, the Engineering Index Service and the Public Affairs Information Service. Name registered in U.S. Patent Office and Trade Mark Office in Canada.
Published semi-monthly by the Simmons-Boardman Publishing Corporation, 508 Birch St., Bristol, Conn. 06010.
Railroad employees' subscription rate, U.S. possessions, Canada and Mexico, $6 one year, $9 two years, all others $15 for one year, payable in advance and postage paid. To railroad employees elsewhere in the western hemisphere, $10 a year; in the eastern hemisphere, $15 a year. Single copies 60¢, except special issues.
Address all subscriptions, change of address and correspondence concerning them to Subscription Dept., Railway Age, P.O. Box 530, Bristol, Conn. 06010.
Change of address should reach us three weeks in advance of next issue date. Send old address with new enclosing, if possible, your address label. Post Office will not forward copies unless you provide extra postage.

Member of ABC RPI

Circulation Dept.: John Rogers Director of Circulation, 350 Broadway, New York, N.Y. 10013. POSTMASTER—SEND FORM 3579 TO P.O. BOX 530, BRISTOL, CONN. 06010.

Printed at the Hughes Printing Co., 34 North Crystal St., East Stroudsburg, Pa. 18301. Second-class postage paid at Bristol, Conn., and at additional mailing offices.

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ASTRO

Inside

LUTHER MILLER

OUR COMMITMENT, AND YOURS

A few issues back, something new appeared on this page—a simple but expressive logo reminding our own staff, and all who read this page, that Railway Age is firmly committed to "Supporting ASTRO." We are pleased to report that the idea has now caught on with others. The present issue carries advertisements of railway suppliers which also proudly display the "Supporting ASTRO" banner.

The copy of Railway Age which you are now reading happens to feature a cover story on ASTRO (which is being sent, incidentally, not only to the 23,000 industry men and shippers who would normally receive this issue, but also to several hundred members of Congress).

But our support of ASTRO did not begin with this special issue—nor will it end here. Our continuing commitment will be reflected in a series of articles that will go on as long as ASTRO is in business.

Slogans don't win battles; but they are useful reminders that the battles are yet to be won. They can also serve as valuable symbols of the kind of railroad/supplier/shipper unity which will be required if ASTRO recommendations are to be translated into law or national policy.

Railway Age has a supply of "Supporting ASTRO" logos. Write to Publisher Robert G. Lewis for yours.

HOW ABOUT SWITZERLAND, MR. MEANY?

AFL/CIO President George Meany's astonishing statement that nationalization of the railroads might be good for all concerned (including, presumably, labor) is examined this week by labor columnist Gus Welty (p. 16), who suggests that Mr. Meany may not really have meant what he said, after all.

We are more than halfway inclined to agree.

Let the reader consider:

(1) That Mr. Meany said nationalization should be considered *in the event of a nationwide rail strike;* and

(2) His subsequent comment that nationalized railroads are doing "not too bad" in other countries and that "we are not doing very well under private management right now."

And let Mr. Meany, for his part, consider the case of the only nationalized railway anywhere that is doing "not too bad," in that it alone, among all of Europe's government-owned systems, is operating at a small profit. That railway is the Swiss National.

On a recent visit to New York, Paul Zumbach, Swiss National's sales manager, listed several reasons for his railway's comparative good health, including this one: "Strikes are not allowed by law."

That is one argument for nationalization. But hardly the one, we suspect, that Mr. Meany had in mind.

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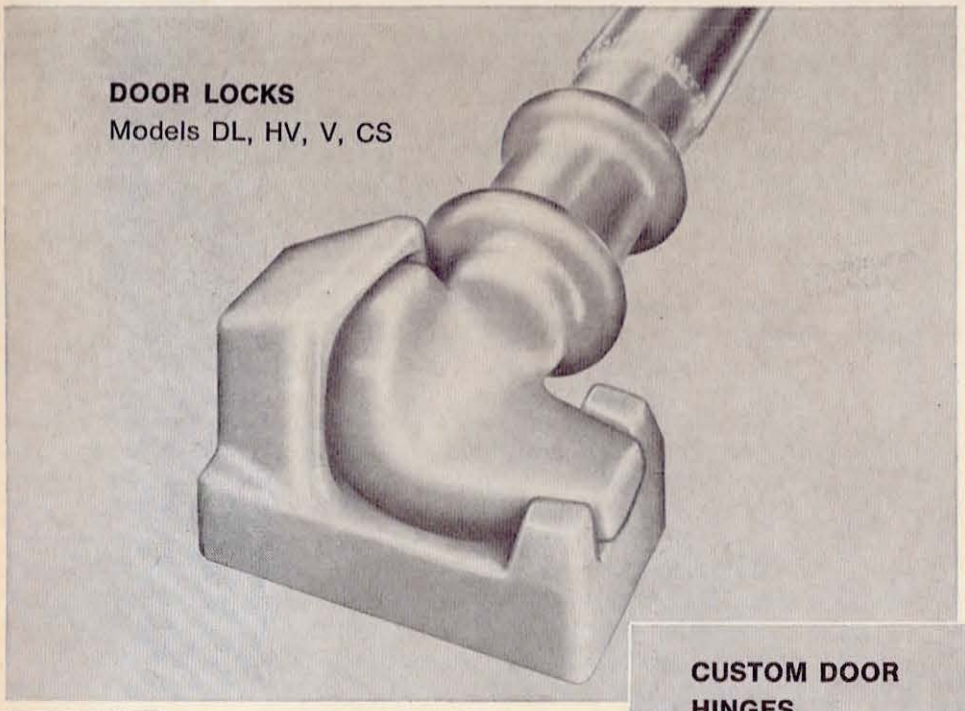

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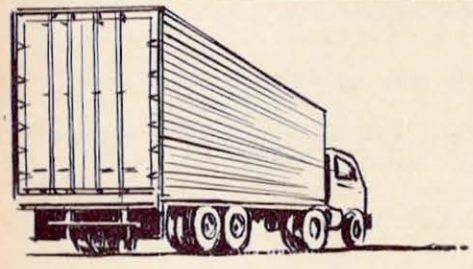

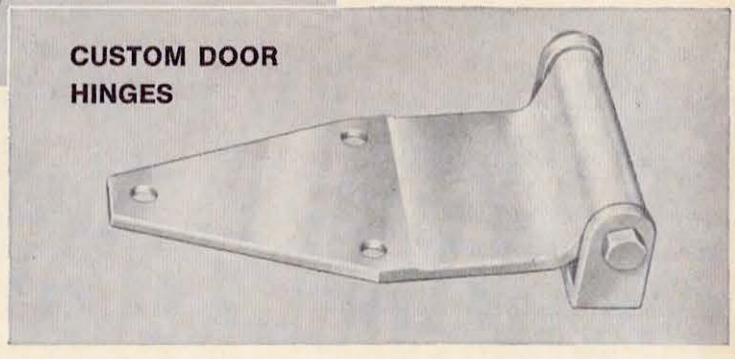

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RAILWAY AGE

NOVEMBER 30, 1970

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Short and Significant

LABOR

SHOPCRAFTS OPEN A NEW WAGE DRIVE

Wage demands seem to get bigger and bigger—and so it comes as no real surprise that the shopcraft unions are asking for a 20% increase for 1971, followed by a 20% increase for 1972. The unions are now working under a two-year settlement imposed by Congress on four of the organizations and later accepted by the other two. Under terms of that settlement, no further changes were to be allowed until Jan. 1, 1971.

FULL-CREW REPEAL MOVE LOSES—AGAIN

Voters in Arkansas have once again refused to OK repeal of the state's full-crew law. The tally from the Nov. 3 election: 47% in favor of repeal, 53% against. For railroads operating in the state, the vote marked a fourth straight defeat, the first two coming at the polls in 1926 and 1958, and the third suffered in a 1968 effort to have the law declared unconstitutional. That year the Supreme Court upheld the law by a 7-1 vote.

THE INDUSTRY

OPERATING INCOME AT 10-YEAR LOW

Net railway operating income dropped to $110 million in this year's third quarter, down more than 20% from the like 1969 period. It was the lowest third-quarter level in 10 years. Operating revenues rose 7.5% but expenses were up 9%. For the 12 months ended Sept. 30, railroad rate of return on net investment declined to 1.77%. The figures were released by the Association of American Railroads.

ICC SEES CAR-UTILIZATION IMPROVEMENT

The ICC reports that efficiency of rail freight car distribution continues "to improve almost daily." It attributed the better distribution to a doubling of demurrage charges on hopper cars by the ICC in September, as well as a series of ICC car distribution orders which direct rail carriers to shift cars to areas where they are most needed. "Voluntary actions by railroads themselves have resulted in an increased availability to shippers," the ICC added. It quoted the director of transportation of the Minneapolis Grain Exchange as writing that "for the first time in several years an adequate supply of equipment has been made available." It was a shortage of cars to move grain that prompted Sen. Mike Mansfield (D.-Mont.), among others, to call for abolition of the ICC in September.

LOAN-GUARANTEE DEFAULTS TOTAL $50 MILLION

Rails are in default of nearly $50 million in Federally-guaranteed loans, a circumstance which did not help chances for an emergency railroad loan guarantee act that apparently has died in this session of Congress. The defaulted loans to four carriers were made under a 1958 Congressional plan which has since expired. The roads and amounts of the defaulted loans are: Jersey Central, $15.3 million; New York, New Haven & Hartford, now part of Penn Central, $12.3 million; Boston & Maine, $3.2 million, and New York Central, also now part of Penn Central, which repaid all but $16.9 million of a $40-million loan.

TECHNOLOGY

SOUTHERN PACIFIC, GM LOOK AT "3-PAC"

In the drive to improve the shipping of new automobiles, Southern Pacific and General Motors have been looking at something new—3-Pac, a 20-foot tri-level container that would hold three standard models completely enclosed and in regular horizontal position. Similar SP/GM cooperation produced the 89-foot Vert-A-Pac car which handles 30 subcompacts nose down. In the 3-Pac concept, four containers carrying 12 standard autos would move on an 89-foot flat car, the same capacity as present tri-level auto-rack cars. Containers would be loaded and unloaded off the car; handling would be similar to that for trailers and cargo containers. SP has built experimental 3-Pacs and is evaluating the concept.

DEBUGGING THE METROLINERS

An $8-million program aimed at resolving mechanical problems which have plagued the Metroliners is now contemplated, DOT's Myles Mitchell has informed Senator Clifford P. Case (R.-N.J.). Contracts of $50,000 each will be awarded to General Electric and to Westinghouse, suppliers of electrical equipment for the train, for studies that are to be completed within three months. Through the use of two to six test cars, DOT expects to develop a detailed program for modifying the 49 cars.

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RAILWAY AGE
NEWS

Railpax raises thorny questions

Railpax may or may not produce a solution to the passenger-train problem. What it has already produced are some thorny questions that baffle friend and foe alike.

President Nixon signed the National Railway Passenger Corporation Act into law Oct. 30. The signing itself was something of a cliffhanger. A ceremonial signing had been widely anticipated, with the kind of hoopla that normally accompanies the triumph of an Administration-backed measure of great national importance. But on Oct. 29 the word was passed in Washington that the President's economic advisors had raised last-minute objections to the bill. For a while a pocket veto loomed.

On the following day, telegrams poured into the temporary White House at San Clemente, Calif., where the President was resting from pre-election stumping. They urged Presidential approval. That night, with no fanfare, with very little subsequent publicity, the Presidential signature was affixed to the Act that could revolutionize passenger transportation.

The questions began to surface immediately. Some of them:

—How will freight operations be affected—i.e., which train will go on a siding, the government's Railpax train or a railroad's hotshot freight?

—Who will pay for maintaining track to whatever standards are established by the Department of Transportation?

—Who will have liability for derailments and accidents?

—What about job protection? (The initial Railpax network is not likely to include more than about 180 of the present 320 intercity passenger trains, though new ones may be added in different seniority areas.)

—Will the government divert lucrative mail traffic from piggyback to Railpax trains in an effort to make Railpax pay, or trim its losses?

One question is getting an early answer: the announcement of tentative Railpax routes, due this week. By that time, the three incorporators of Railpax will also have been named.

PC plans massive '71 capital program

Penn Central has prepared a "minimal" 1971 capital-investment program calling for acquisition of 7,492 new freight cars and 231 new locomotives as an essential part of its "road-back" strategy.

In addition, trustees told the Senate Commerce Committee Nov. 23, PC plans to upgrade 20,000 freight cars and 38 locomotives, spend $6.7 million on work equipment, and invest $74 million in roadway improvements.

With investments of such magnitude, and with the service improvements and operating economies being effected by PC President William H. Moore, the carrier "can be restored to effectiveness and made viable again within three to five years," said the trustees.

But they emphasized that this depends upon "joint private-public financing to raise $175 million to $250 million in the next four months," and possibly that much more over the next 36 months.

The trustees proposed these avenues of possible aid:

(1) Guarantee by the Federal government of private borrowing. (A loan-guarantee program available to all troubled railroads was introduced in Congress last summer, but got nowhere. More recently, there were indications that Senator Vance Hartke's Surface Transportation Subcommittee might consider a loan-guarantee bill tailored for the soul use of bankrupt railroads.)

(2) Should loans prove to be inadequate, the establishment of a short-term service contract between the U.S. government and PC trustees to preserve essential railroad operations. Provision could be made for repayment should the railroad return to profitability.

(3) A financing procedure which would leave for subsequent determination the question of whether the required funding is to be repaid by the carrier if its operations are profitable, or is to be treated as a payment for services rendered if there is a continued operating deficit.

In addition to government help, said the trustees, a turning-around of Penn Central depends on "a labor force willing to accept changes, a growth in the economy, and reform in government transportation policy."

The trustees added: "Since Penn Central's public services are vital and cannot be dispensed with, the choice is between relying on a combination of these forces or turning the railroad over to the government."

The statement said PC would run out of cash by the end of March 1971, even though most tax and debt payments are being deferred.

The trustees projected an accounting loss of $300 million for the Penn Central Transportation Co. in 1970 but cautioned against comparing this with the reported loss of $83 million in 1969. "Without questioning the consistency of the 1969 report with generally accepted accounting practices, it appears to have reflected a corporate policy of putting the best conceivable face on the facts," they said.

Conceding that the company's diversification policy had "worked badly," the trustees said they planned to take PC out of every business "not significantly connected with the railroad."

In announcing the 1971 capital program, Trustee W. Willard Wirtz commented that ownership of cars had dropped by 35,000, or 20%, in the last five years. He added: "It must be emphasized that the new equipment and maintenance programs for 1971 are vital if revenue projections are to be realized. Penn Central must make a start in acquiring an adequate car ownership."

Meanwhile, it was reported to the Senate committee that 145 locomotives ordered by PC from Electro-Motive last spring will be delivered under financing arrangements that were still being worked out last week.

NEWS

Ailes, former Army Secretary, to head AAR

Stephen Ailes, the 58-year-old lawyer who becomes president and chief executive officer of the Association of American Railroads on Dec. 1, has never spent a day working on a railroad. He does not find this disturbing, and trusts that others will not.

After all, Ailes points out, he became Secretary of the Army without ever spending a day as a soldier—or as a member of any other branch of the military. He smiles as he recalls the telegram he received from his two brothers—one of whom fought at Anzio, the other at St. Lo—the day he went to the Pentagon: "We believe in civilian control but never thought they'd go this far."

As it turned out, non-soldier Ailes left a lasting mark on the Army. He drastically overhauled basic combat training procedures—and still gets letters from field commanders in Vietnam thanking him for the job.

Having made it as head of an Army in which he never served, Ailes goes to the AAR with some confidence that his lack of day-to-day experience in railroading may be no handicap.

"As a lawyer, you learn, after a while, to learn," says Ailes.

Actually, he may have far less to learn about railroads than his characteristically modest statements about his background suggest. While he has never worked *on* a railroad, he has worked *for* railroads for many years. In addition to handling many individual railroad cases, he worked for a year in 1960 as a lawyer for the AAR during the trial of the so-called Riss case—in which the AAR and others were charged with trying to force a trucking firm out of business.

"We went to great pains, Burt Behling and I, to work up a fair amount of testimony to demonstrate the proposition that the AAR was in existence to make the railroads function as one national system," Ailes recalls. "That role for the AAR really interested me tremendously. So when I was approached about taking on this position it wasn't as if I was hearing about it for the first time."

In an interview with Railway Age in his Washington law office, Ailes talked cautiously about his future role as a railroader.

Q. You are joining the railroad industry at a time of perhaps its greatest crisis. Why did you decide to take the job?

A. I'm old enough to remember quite a few "greatest crises." I can well remember hearing my grandfather [John J. Cornwell, who was general counsel of the Baltimore & Ohio] make 20 or 30 speeches on the subject of whether or not the government should operate the railroads. I'm talking about the '30s, when a very high percentage of the national railroad mileage was in receivership. The railroad industry in my lifetime has been in a whole series of crises. The reason I accepted this responsibility was that I've just always been fascinated by the railroad industry and have spent, I suppose, half of my working time practicing law for one railroad or another. I'm very excited about my new job.

Q. What do you consider to be your principal task as president of the AAR?

A. The job that lies immediately ahead of me is to find out a lot more than I know right now about what is going on at the AAR, and within the industry itself.

Q. Would you say that a main task will be helping to implement the ASTRO recommendations?

A. I would assume so. I understand that the industry is pretty well of one mind with respect to this program, of one mind that these various legislative measures are needed. I must say I find the ASTRO report itself very informative.

Q. You are no stranger to Capitol Hill?

A. Hardly. I recall testifying before various Congressional committees 23 times in 30 calendar days.

As president of the AAR, Ailes succeeds Thomas M. Goodfellow, whose request for retirement has been accepted by the AAR board. It was Goodfellow who instituted the search for his successor some months ago. At the board's request, Goodfellow has agreed to continue to serve the AAR as chairman until Oct. 31, 1971.

Stephen Ailes

Ailes has been a partner in the Washington, D. C., law firm of Steptoe & Johnson since 1946.

A native of Romney, W. Va., he was reared for the most part in Westchester County, N. Y. He returned to Virginia to attend Episcopal High School. He did his undergraduate work at Princeton, and won a law degree at West Virginia University. In World War II he served in the Office of Price Administration.

To visitors, Ailes comes across as an outgoing man of warm good humor. He is known as a man of great shrewdness in dealing with people, and as a persuasive advocate. His relations with the press have been especially cordial (one reason being, perhaps, that there has been a newspaper in the Ailes family for 65 years).

A man who knew Ailes well at the Department of Defense is Nils Lennartson, himself a former Assistant Secretary of Defense, now president of the Railway Progress Institute. Lennartson sums up the AAR's new chief executive this way: "Steve Ailes brings a brilliant, legal and public-service background to the AAR. He is also the kind of guy who is easy to like. He has been in and around the Washington scene a long time, and he knows how things get done. We are fortunate to have him now in our industry."

Southern wins the Golden Freight Car

For "the most effective promotion of freight traffic in the past year," the Southern has been awarded the 1970 Golden Freight Car by the Railway Progress Institute. Southern won the award for its "Squeeze the Waste out of Distribution" program.

Southern President W. Graham Claytor, Jr., received the award from RPI Chairman Frank L. Bredimus, president of Dresser Transportation Equipment Division of Dresser Industries, at the RPI's annual dinner in New York Nov. 5. Plaques also went to William F. Geeslin, Southern's assistant vice president, public relations and advertising; and W.V. Burke, executive vice president-public affairs; R.S. Hamilton, executive vice president-marketing; and to two officers of Cunningham and Walsh, Inc., the agency which handles advertising for the railway: N.D. Cary, vice president and group creative director; and W.J. Downes, vice president.

Participating in the presentation were RPI Vice Chairman Henry A. Correa, president of ACF Industries (who was later elected chairman of the Institute); RPI President Nils A. Lennartson; and former astronaut Walter M. Schirra, Jr., who has been serving as radio and television spokesman for the Association of American Railroads for the past year.

Southern's program emphasized its efforts to earn increased business by helping shippers hold down costs.

As the RPI described it: "The company's approach was to make this a year-round, system-wide program—an overall philosophy, as contrasted with programs built around single marketing developments and merchandised in a limited way.

"To implement the program, the company's marketing and sales managers researched deeply into a variety of businesses to determine different shippers' needs. Constant give and take between operating and sales personnel helped determine to what extent the railroad could make the changes needed to meet the particular needs of an industry or a customer within that industry. Once this was decided, the new service was promoted through publicity, advertising, sales promotion and direct contact with customers."

The presentation was a highlight of a dinner attended by approximately 1,000 railway suppliers and their guests. The dinner itself came at the end of a full day of RPI activities which included a "Meet the Press" panel of four railroad chief executives; a financial analysts panel; and an annual members' luncheon which was addressed by former Florida Senator George A. Smathers, head of ASTRO (America's Sound Transportation Review Organization).

AT RPI AWARDS: Southern President W. Graham Clayton, Jr., RPI retiring Chairman Frank Bredimus, former astronaut Wally Schirra.

As they named ACF's Correa new chairman of the RPI, directors also elected Donald Y. Clem, president and director of the McConway & Torley Corp. as vice chairman. Three new members were elected to the RPI's governing board. They are J.W. Bergen, president, Standard Railway Equipment Division of Stanray Corp.; Sheldon Kaplan, vice chairman and general manager, Industrial Products Group, Evans Products Co.; and E. R. Krause, vice president, transportation sales, Adams & Westlake Co.

Penn Central gets refurbished cars

Fifty passenger cars formerly in service on the Frisco, the Santa Fe, the Louisville & Nashville, the Rock Island, and the Chicago & Eastern Illinois are now hauling commuters on Penn Central's Harlem and Hudson divisions.

The State of New York, which will soon take over commuter operations on these divisions, bought the cars and paid for their refurbishing. Thirty-six were refurbished by St. Louis Car Division of General Steel Industries; the remainder went through Penn Central's Beech Grove shops at Indianapolis.

Meanwhile, the State of New York, working through its Metropolitan Transportation Authority, has placed an order with General Electric for 80 new commuter cars for Hudson and Harlem service. They will be assembled under sub-contract by the Budd Co. following completion of an order for 620 cars for MTA's Long Island Railroad next spring.

Judge sees possible shutdown of CNJ

Federal Judge Anthony Augelli in Newark has told DOT Secretary John A. Volpe and ICC Chairman George M. Stafford that he may shut down the bankrupt Central Railroad Co. of New Jersey unless the road finds "substantial financial aid" by the end of the year.

The Jersey Central, which went into reorganization in 1967, is already in default of $15.3 million Federal loan, guaranteed under a 1958 Federal law, since expired, that aided needy lines.

Judge Augelli told the Federal officials in separate letters "it appears that unless substantial financial aid from some outside sources is forthcoming, all operations of this carrier may well come to a halt by the end of the year." He requested Federal officials to meet with him to discuss the line's future.

The ICC already has under consideration a petition by the Jersey Central requesting it be included in the C&O/B&O system.

NEWS

Santa Fe increases car program for '71

Santa Fe will be acquiring 2,550 new freight cars in 1971—a sharp increase from the fewer-than-1,000 cars in the budget for 1970. Total expenditure for freight equipment will be about $50 million, with most of it going to commercial carbuilders. Of the 2,550 new cars, 400 mechanical temperature-control cars are scheduled to be built in Topeka, Kans., company shops at a cost of about $13.5 million. The other 2,150 cars, Santa Fe says, "will be acquired from domestic carbuilders." Also coming up in 1971 is a continuation of the road's car rebuilding and major-repair program. By the end of '70, Santa Fe says, "Topeka shops will have handled approximately 8,000 cars for rebuilding and major repairs, and it's anticipated that the program will stay at about the same level for 1971."

C&NW plans sale of its half of A&S

Alton & Southern is apparently headed for another change in ownership. Chicago & North Western and Missouri Pacific acquired the St. Louis-area switching line from Alcoa in 1958; but now, C&NW has reached agreement on sale of its half-interest to Southern Pacific, through SP subsidiary Cotton Belt.

IC hangs out the "No smoking" sign

Illinois Central will ban smoking on its new double-deck commuter cars—but before the anti-smoking forces decide to pin a medal on IC, let it be known that the reasoning behind the decision was strictly practical. A study committee, IC says, "considered the smoking question from all angles except those of health and morality. Biggest reason for prohibiting smoking was the housekeeping problems smoking creates."

Commission grants freight-rate hikes

The ICC this month granted Eastern and Western rails a temporary 8% general freight rate increase, and awarded Southern roads a temporary 6% increase. In addition, the Commission gave all roads a permanent 6% increase, 5% of which has been effective on an interim basis since this spring. The decisions came in the Ex Parte 265 and 267 cases.

ICC Chairman George M. Stafford said the increases were required by the carriers' "dire financial need."

"Already the largest and one of the most important of all the Eastern carriers has filed for reorganization under the Federal Bankruptcy act," said Stafford. "Reports indicate other roads are at the brink of a similar calamity. It should also be noted that 40 of the 70 Class I railroads . . . had a deficit in their working capital on June 30."

Stafford said the Commission "is aware of the concern the consuming public has over the impact of higher transportation charges. At the same time, however, we must also be cognizant of the fact that unless the railroads are granted some type of emergency relief, the nation's rail transportation system is faced with economic strangulation."

This year has been the most active year for rail rate increases in a decade. The new temporary increases are the third general freight rate increase in a year and the sixth since 1967. Prior to that there was a 7-year period in which there were no rate increases sought. The temporary 8% increase for Eastern and Western roads is also the largest of the six.

The new 8% and 6% rate increases went into effect Nov. 18. They will add about $1.3 billion a year in freight revenue.

Here is a chronology of Ex Parte 265 and 267:

—On March 9 rails requested a 6% general freight rate hike. The ICC docketed the petition as Ex Parte 265.

—On May 27 the ICC allowed a 5% interim across-the-board rise, and placed the full 6% rise under investigation.

—On Sept. 4, Eastern and Western rails petitioned for a 15% increase, which the ICC suspended and docketed as Ex Parte 267 for investigation. The ICC combined the investigation with the earlier 265 proceeding.

—On Sept. 10 Southern rails applied for a 6% increase, which ICC on Sept. 15 placed under the 267 proceeding, although allowing Southern roads to file for the increase.

—On Sept. 17, Eastern and Western rails petitioned again for a 15% increase.

—Finally, on Nov. 5, the ICC suspended all the 267 rate filings—both the Eastern and Western 15% and the Southern 6%—and placed them under continuing investigation. As reported above, it did allow an 8% and 6% temporary increase in the respective regions; and, for all practical purposes, removed the 265 case from the combined docket by allowing an additional 1% general increase on top of the interim 5% increase awarded in that case.

The decision means that the Eastern and Western carriers' request for a 15% increase is suspended until June 17, 1971. They will again petition ICC for a full 15% increase, 7% more than the 8% allowed. Southern rails will also in December make a new filing.

Engineman training plans moves ahead

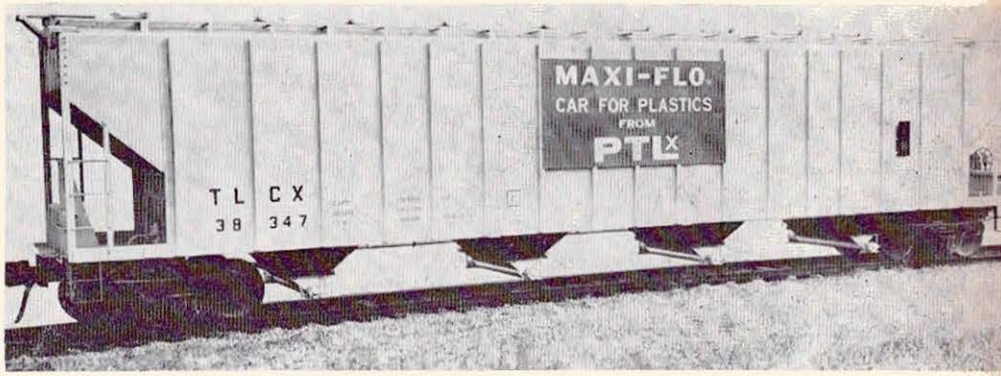
Simmons-Boardman Publishing Corp.'s plans for an Engineman Training Program, using locomotive and train simulators, are progressing. The company expects to announce soon when the first simulator will be ordered and the approximate time the training facility will be ready to accept trainees.

"Indications are that the demand for simulator instruction for enginemen would be of such volume that it would be unwise for us to proceed with an order for one simulator unless we are able to finance additional machines within a fairly short time," says Arthur J. McGinnis, Simmons-Boardman president. "In this way we would be able to achieve economies that are necessary to keep the cost of the training at a moderate figure."

"Maxi-flo" car for bulk plastics

A 100-ton covered hopper car called "Maxi-flo," along with a new pneumatic outlet arrangement called "Micro-matic," got a maxi-reception when introduced this month to major U.S. bulk plastics shippers.

Developed by Pullman Transport Leasing Co., a subsidiary of Pullman Inc., and displayed for the first time at the corporation's Champ Carry Technical Center, Hammond, Ind., the 5650-cubic-foot, four-compartment car is designed to speed unloading of basic plastics products. PTL credits an interior design with slope sheets of 40 degrees or more, along with the advance-design Micro-matic rotary-tube pneumatic outlet system, with giving the car its fast-flow unloading characteristics. Fitted with ten stainless steel round hatches and polyclutch-lined, the car was built by Pullman-Standard.



Wage/rules report leaves nobody happy

Rail management knew it would pay a stiff price to dispose of pending wage demands. In return, management hoped for meaningful work-rules relief and the kind of cost stability which could result from a multi-year agreement with broad moratorium provisions covering the making of new demands. Emergency Board 178 ranged far and wide in its report—and left neither side satisfied. The president of one of the four involved unions, C. L. Dennis of the Brotherhood of Railway and Airline Clerks, promptly termed the proposed wage increase "not enough," and warned of a possible Dec. 11 strike. Chiefs of the other three unions were somewhat less dramatic. Charles Luna of the United Transportation Union, H. C. Crotty of the Brotherhood of Maintenance of Way Employes and R. W. Smith of the Hotel & Restaurant Employes' and Bartenders International Union rejected the board's work-rules recommendations. But, they said the wage recommendation "presents a basis for further negotiation and disposition of this issue."

On wages, the board proposed increases of 5% retroactive to Jan. 1, 1970; 32 cents an hour retroactive to Nov. 1, 1970; 4% effective April 1, 1971; 5% on Oct. 1, 1971; 5% on April 1, 1972; and 5% on Oct. 1, 1972. On a percentage basis, the recommended schedule adds up to 32.5%—but, the board said, actual cost to the carriers would be "well under 9% per year . . . because of the deferred effective dates."

On other matters, the board had these observations:

—The dual basis of pay for operating employees "is outdated, far too many serious problems inhere in it and the system in its entirety must come under thorough review and be substantially revised, if not abandoned altogether."

—Railroads should have the right "to institute interdivisional runs which are reasonable in regard to the miles run, the hours worked and other conditions of the assignment, upon the service of reasonable notice. The employes should have the right to grieve and to take to final and binding arbitration any matter pertaining to the conditions of the interdivisional assignment."

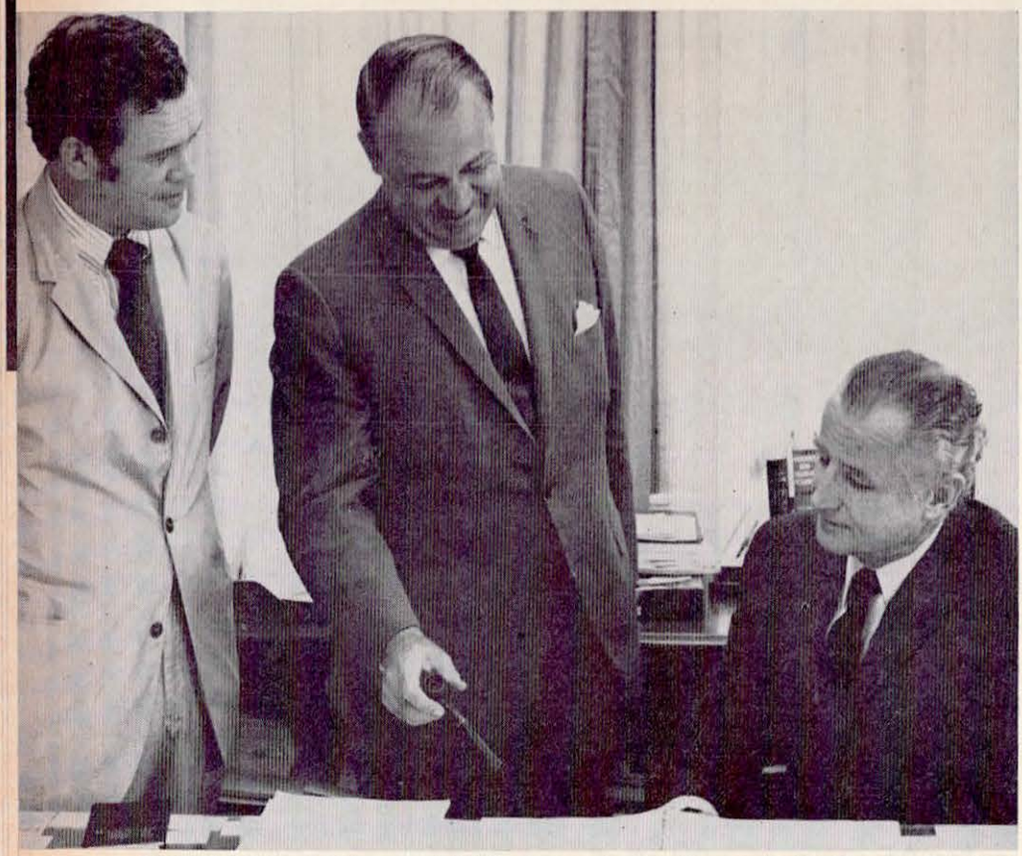
—To cover interchange operations, the parties should negotiate a rule "which would allow road crews conveying a train of pre-blocked cars to deliver these cars to the connecting carrier without being required to turn them over to a yard crew. . . . When it is consistent with existing arrangements, interchange crews should be allowed to bring back cars to their yard, rather than be compelled to return 'light.' This practice makes for the under-utilization of the existing work force and appears to be clearly non-productive and inefficient."

—"There is an immediate need for the removal of certain prevalent restrictions on the performance of work by road crews in connection with their own trains within yards and terminal limits where yard crews are assigned." The board proposed four specific provisions for inclusion in a national rule.

On the issue of what should be covered by a moratorium, the board conceded it was stumped: "We have found it exceptionally difficult to formulate a recommendation." The real problem is to determine, on a specific notice, "whether or not it is strictly local in character and without relationship, reasonably construed, to the national issues disposed of in this wage round. This will have to be a matter of case-by-case interpretation." The board recommended that such questions be referred to the National Mediation Board for resolution.

In testimony before Board 178, the railroads proposed creation of a commission on work rules—a commission which would be empowered to make its findings binding. The board went along part of the way, recommending creation of a standing committee to consider a variety of issues. But, it added, "we stop short of recommending compulsory arbitration."

Telling the ASTRO story:



ASTRO's Richard Briggs and AAR's James A. Schultz meet with Senator Smathers to discuss plans for feeding material to thousands of "ASTROnauts" who will help spread the story. Briggs is executive director of ASTRO.

DONALD T. MARTIN of Seaboard Coast Line is directing a nationwide campaign to win ASTRO support at the grass roots.

Everybody

Having a good story to tell is one thing. Telling it is another. National information campaigns can cost millions of dollars—and railroads made it clear at the outset that they did not have millions to spend propagandizing ASTRO. "If we were that rich," observed one railroad executive wryly, "we wouldn't need ASTRO in the first place."

The fact is that at about the same time directors of the Association of American Railroads were unanimously and enthusiastically adopting ASTRO's proposals, they were also grimly cutting back the AAR's advertising and promotion budget—from a few million dollars a year to a few hundred thousand.

Some railroad public relations men quietly panicked. At a time when railroads needed more desperately than ever to get their story across to the public—and through the public, to Congress—the professionals (as they saw it) were being deprived of the money to do the job.

More money *is* needed for advertising and promotion, and ASTRO's George A. Smathers is among those who hope the railroads will produce it in 1971. But the need is not as big as it might have been—because in recent weeks, something remarkable has happened.

With a show of esprit rarely if ever witnessed in an industry more noted for internal squabbling than for unanimity of purpose, railroad men all over the country have begun to rally under the ASTRO banner. Short on money, but long on enthusiasm and organization

G. E. LEIGHTY came on early with an expression of labor support for ASTRO. Help of the labor organizations is viewed as a key element in winning regulatory and legislative reforms.

SHIPPER SUPPORT for ASTRO will come through the National Association of Shippers Advisory Boards, headed by Allen K. Penttilla (above), the National Industrial Traffic League, and other groups.

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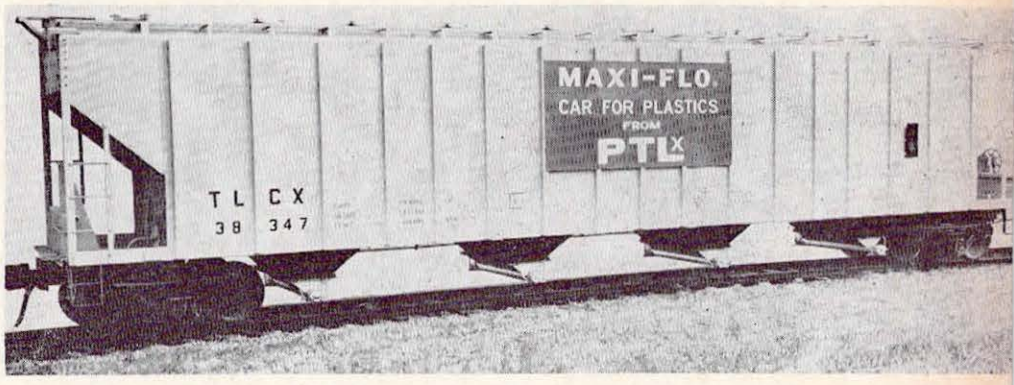

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NEWS

Lines on Labor

GUS WELTY

THE NATIONALIZATION "CLUB"

Some five years ago, the Railway Labor Executives' Association caused quite a stir with a declaration that "we should have government ownership and operation of the railroad industry." Actually, the stir lasted only until RLEA's membership could be polled. As things turned out, the chiefs of a number of major unions were not there when the vote was taken. They hadn't been informed that the topic was on the agenda—and a good number of them expressed distaste for the whole idea, as well as the way it was handled. RLEA-the-organization subsequently pulled way back from nationalization. And since then, labor hasn't waved the nationalization club—not, that is, until AFL/CIO President George Meany ventured his opinion earlier this month to the effect that nationalization might not be such a bad idea after all.

FREE ENTERPRISE: HOW STRONG IS LABOR'S SUPPORT?

Over the years, George Meany has been known as a vigorous backer of the basic free-enterprise idea. Rail labor's leaders have been similarly known. RLEA's ill-advised and soon-reversed nationalization pitch in 1965, in fact, represented a break with an anti-nationalization position that dated back to the early years of the century. So why did RLEA make the break? And why, now, did Meany speak out? Call it frustration. Don't, for the time being at least, regard it too seriously.

RAIL LABOR'S STAKE IN TOMORROW: IT'S A BIG ONE

If you look at the principles set forth in the ASTRO report, you find potential benefits accruing over a wide area—to the railroads themselves, certainly; to government, which might not be continually faced with "a railroad problem" if it once took action to right some of the old wrongs that gave rise to the problem; to shippers, whose transportation and distribution problems can only get worse if railroads are not somehow strengthened. And you find some of the greatest potential benefits accruing to the people who work for railroads. Under present circumstances, just about every contract negotiation turns into a slow-paced marathon. Railroads need delay—if for no other reason than to try to find more revenue to pay the inevitable labor-cost increases. Employees fear delay—because a standard-of-living cannot help but erode when the same old paycheck is matched against new, higher prices. As negotiations drag, feelings begin to run high as frustrations deepen on both sides. Common interests, common causes, are not pursued as vigorously as they should be—because of the adversary feeling, and because top-level people are just too involved with time- and energy-consuming disputes and procedures. On both sides, a lot of people wish things were different. Some day, they will have to be.

Stock subscription plan set by C&EI

Chicago & Eastern Illinois is offering shareholders rights to subscribe for 843,250 additional shares of authorized but unissued common stock, on a basis of one new share for each three shares of common held. Transferable subscription warrants, containing a right of over-subscription equal to the primary subscription rights, are being issued, with an expiration date of Dec. 2. Proceeds from the offering, C&EI says, "will be used to provide funds for the company's capital-improvement programs for 1970, 1971 and 1972 and to reimburse the treasury . . . for funds expended in recent years from income or other items not yet capitalized."

Northwestern adds logistics program

Northwestern University's Transportation Center has announced plans for six management-training programs in 1971, including a new program in logistics.

The complete schedule: Marketing strategy, Jan. 23-28; profit strategy, Feb. 13-18; logistics/distribution, March 6-11; petroleum economics and management, March 27-April 9; advanced transportation management, May 1-26; management science for transportation, June 19-24.

Inquiries should be addressed to Management Programs, Transportation Center at Northwestern University.

Santa Fe's "Super C" keeps rolling along

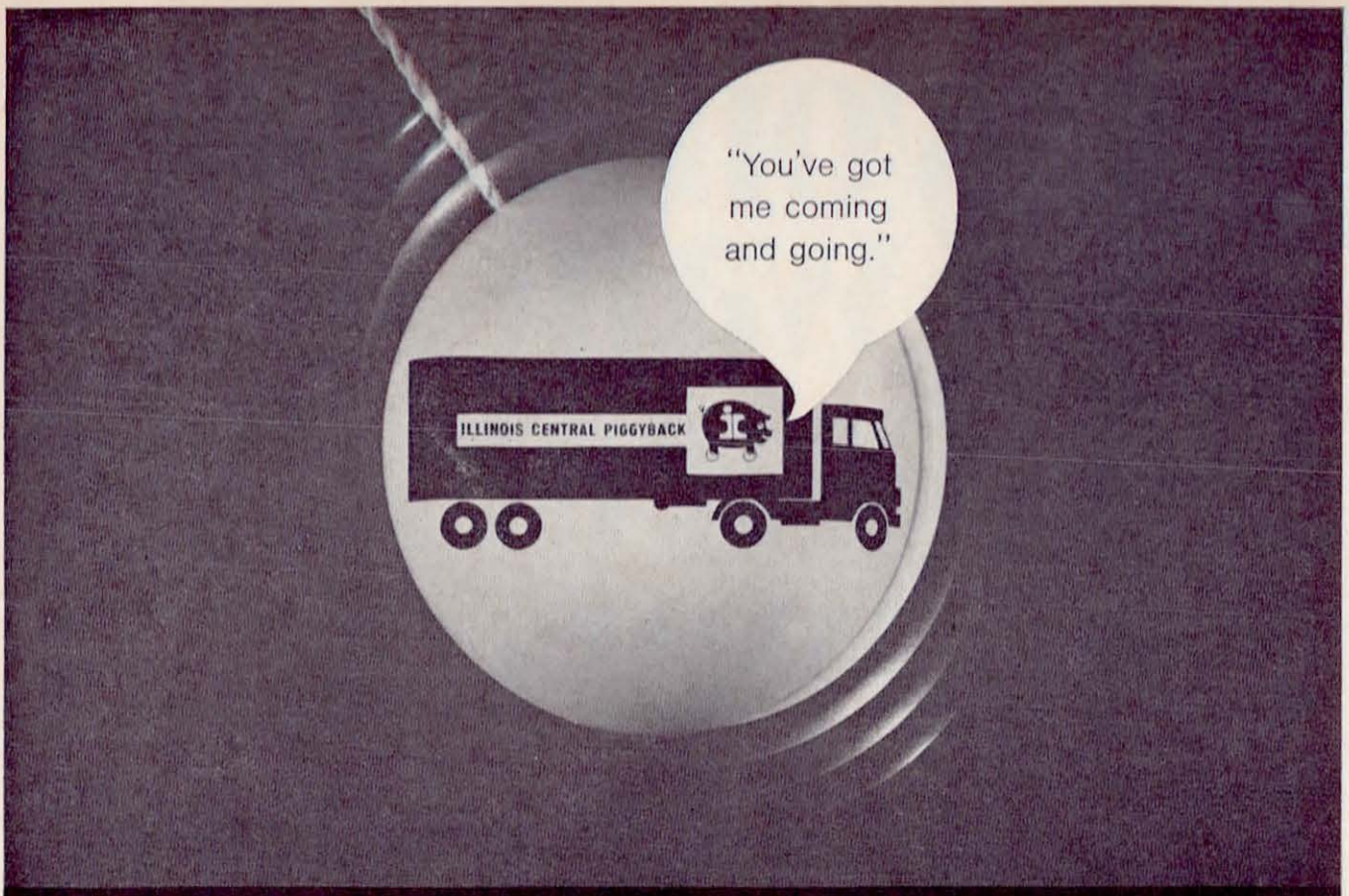
The mail must go through—and Santa Fe's "Super C" is continuing to do its part, on its 40-hour (or less) runs between Chicago and Los Angeles. Thanks to increases in mail traffic, "Super C" revenues are up in 1970 over '69 levels. Commercial traffic hasn't kept pace, however, due mostly to the slowdown in the economy and the strike situation in the automobile industry.

If you don't want a self-clearing hopper car, please don't buy our Rapid Discharge* car.

*There's really only one.

ORTNER FREIGHT CAR CO. Cincinnati, Ohio

Circle 9 on coupon page 73



Now, Ship/Mate Service puts off-line shippers on IC rails.

Now, you can ship the IC intermodal way from your town, even if you're far away from IC tracks.

One of IC's Ship/Mates, your local motor carrier, hauls our trailer to your loading dock. Then he returns our trailer, sealed with your freight, to our piggyback center. From there, it takes a fast rail trip, normally by non-stop Fastback: For example, from Chicago, 11 hours to Memphis, 27 hours to New Orleans.

From your rail destination, another motor carrier Ship/Mate hauls our trailer with your freight all the way to your customer's dock.

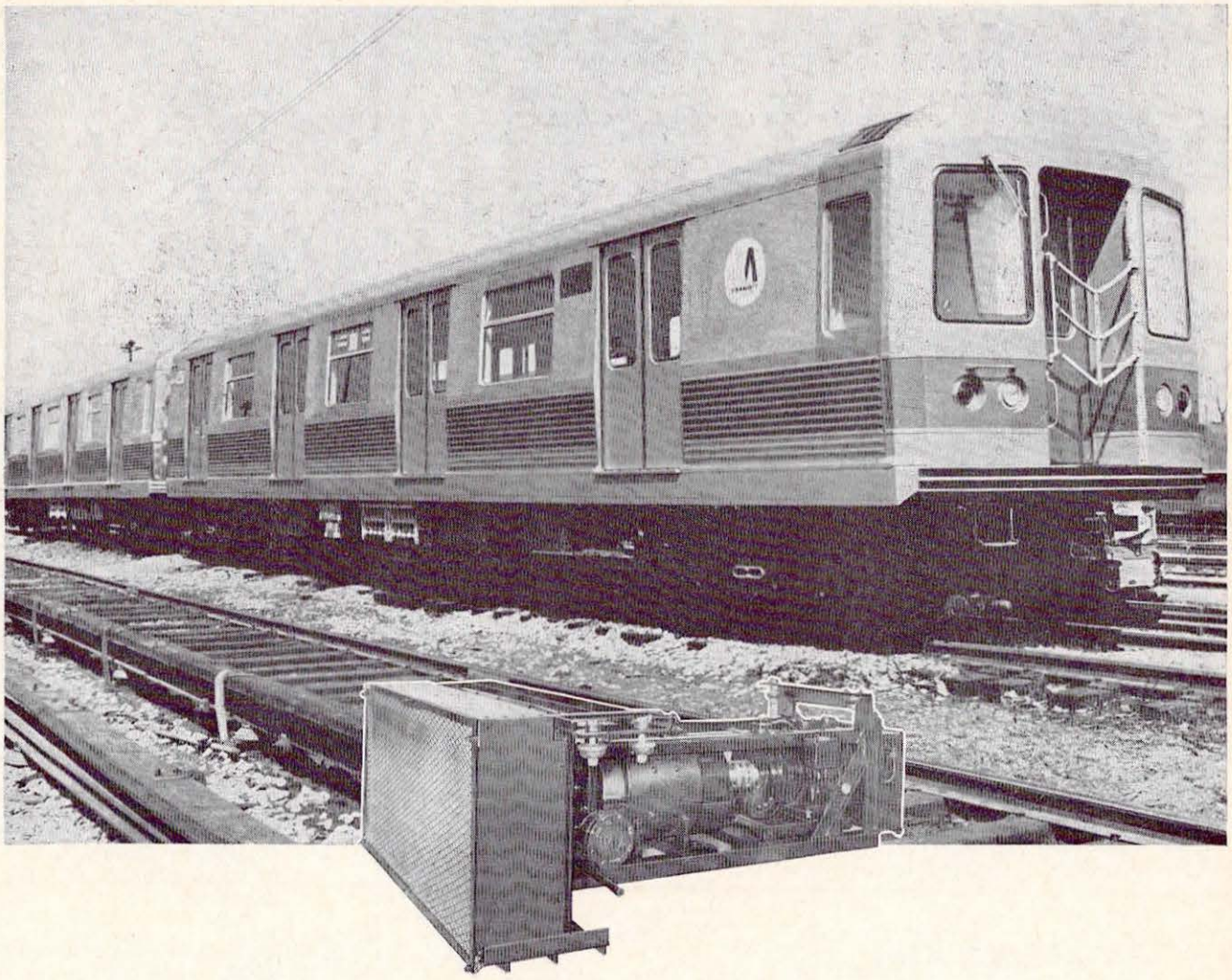
This way, your own equipment isn't tied up in long trips. You get consistently fast service with the industry's most modern trailer fleet, plus containers for import or export. You save time and money.

Wherever you are in Mid-America, see any IC sales representative for a quote under this plan; or call or write B. A. Logan, Director, Piggyback Sales, 135 East Eleventh Place, Chicago, Illinois 60605. Phone (312) 922-4811.

Illinois Central Railroad *an IC Industries company*

Circle 10 on coupon page 73

"Safety" air conditioning: the system of the 70's



Over 600 "Safety" units keep things cool on these NYCTA cars. The component type air conditioning equipment consists of two independent systems, each rated 10-ton refrigeration capacity, which are regulated by a common temperature control unit. During operation, a mixture of filtered outside air and air recirculated from within the car is drawn into the overhead evaporator and blower units, conditioned, and diffused into the car body.

No air-conditioning system can perform more efficiently than its motors and related controls. We design our air-conditioning motors expressly for use on the nation's rapid transit and subway cars. This insures greatest possible dependability with economical, low-power consumption. Write us for details.

SAFETY ELECTRICAL EQUIPMENT CORP.

NEW YORK · CHICAGO · PHILADELPHIA · ST. LOUIS · SAN FRANCISCO · NEW HAVEN · MONTREAL
1187 DIXWELL AVENUE, NEW HAVEN, CONNECTICUT 06514 TEL. 203: 865-3171

supporting ASTRO

Circle 29 on coupon page 73

ASTRO: The who, what, when and

This 72-page report by America's Sound Transportation Review Organization (ASTRO) was submitted to directors of the Association of American Railroads late in July 1970. A study team headed by former Senator George A. Smathers of Florida spent 11 months reviewing America's transportation policies and, in conclusion, recommended "those measures deemed advisable." The AAR has adopted the ASTRO report in its entirety (RA, July 13, p. 28).

The report, in two parts, contains some 30 suggestions and proposals—including a blueprint for a $36 billion modernization program (see box, top right). Part I of the report found (and it wasn't news to the industry) that railroads have problems ranging from inequitable regulation, to capital starvation, to the need for a more vigorous get-up-and-get-going attitude by both management and labor.

The job now is to progress the ASTRO recommendations, many of which would require Federal legislation. If Congress can be persuaded to hold hearings, and give railroads an opportunity to present their case, "we will go in and present a comprehensive program which, if adopted, would meet the railroads' needs." So states Senator Smathers who continues to head the ASTRO group.

What specifically is this "comprehensive program"? In outline form, it is this:

I. PLANT AND EQUIPMENT

A. Property Taxes

1. Relieve railroads from local property taxes which now cost $300 million a year. Use Federal funds to reimburse the states for revenues lost.

2. Prohibit any state tax which discriminates against railroads.

B. Grade Crossings

1. Require states to devote 10% of the Federal highway trust fund to grade-crossing projects; remove restrictions that limit such funds to Federal-aid highways.

2. Establish uniform Federal Safety Standards for all grade crossings.

C. Right-of-way Modernization

1. Create a Federal Transportation Fund from which railroads may obtain money for improvements of terminals, tie, rail and bridge programs, line relocations, grade and curve reductions, maintenance of grade crossings and so on.

2. Establish a loan-guarantee program of up to $400 million annually to further assist right-of-way improvements.

3. Allow railroads to amortize the cost of grading and tunnel bores.

4. Restore rapid tax amortization as an incentive to plant modernization.

5. Include railroads among those eligible for Federal assistance following a natural disaster.

D. Rolling stock

1. Provide government guarantees for borrowing made to acquire freight cars and locomotives.

2. Stimulate freight-car buying quickly by making direct Federal loans in amounts equal to 20% of the cost of such cars; and by reimbursing railroads for interest charges that exceed 4%.

3. Create a Federally-chartered non-profit corporation to acquire freight cars with government-guaranteed loans.

4. Restore investment tax credit program for freight cars and locomotives.

[As a result of these changes, it is anticipated that freight-car purchases will rise to approximately 106,000 annually, compared with 60,000 at present; and locomotive purchases will increase from the present 1,200 to 2,000 per year.]

II. REGULATION

A. Change the Rules

1. Create a new agency to regulate (and promote) all transportation fairly and equally.

B. Pricing

1. Permit railroads to lower prices on those commodities where such reductions would cover variable costs and improve earnings.

2. Allow rate increases, under present conditions up to 6% annually and automatically, to meet increases in costs.

3. Eliminate intrastate rate regulation.

C. Equal Treatment

1. Make **all** freight rates a matter of public record, except for farm products moving from the farm to the first unloading or transfer point.

D. Delays

1. Authorize direct appeal to a Court of Appeals on regulatory-agency decisions — with Supreme Court review discretionary. Such appeals, if made, to be within 60 days.

III. FREEDOM TO MANAGE

A. Intermodal Transportation

1. Eliminate rules that now preclude total transportation companies; permit "controlled experimentation" in common ownership.

B. Branch-line abandonments

1. Allow railroads to abandon those branches which fail to meet avoidable costs.

2. Give the regulatory agency six months within which to decide, after which the abandonment becomes effective.

C. Mergers

1. Authorize and adopt such procedures as may be necessary to eliminate unnecessary delays in merger proceedings.

IV. RESEARCH/ DEVELOPMENT

A. New Technology

1. To equalize Federal expenditures for R&D between the various modes of transporta-

why

tion, appropriate $100 million annually (for ten years) to the Federal Railroad Administration of DOT.

V. PASSENGER TRAINS

A. Unprofitable Trains

1. Relieve railroads, as a basic principle, of losses incurred on public interest services.
   - **a.** Commuter Service: Encourage regional (and local) planning commissions to develop programs that place such service under public sponsorship; give the new Federal agency power to mediate local differences that may arise.
   - **b.** Corridor Service: Finance the market research and technological research needed to determine the need —and profit potential—of passenger-train service between major cities 300 miles, or less, apart. Pending conclusions, operating deficits from present service should be charged to research.
   - **c.** Long-Haul Service: The recently-enacted "Railpax" bill should remove this financial burden.

VI. SELF-HELP

A. Management & Labor

1. Create machinery for solving intra-industry disputes; and give the industry the leadership it needs lest such "help" be provided by others.
2. Commit the industry to serving the customers.
3. Increase research in marketing and profit analysis.
4. And remember: Self-interest need not be short-sighted. "If a competitive industry is to finance legitimate claims for improved wage scales, it must, in exchange, secure a more efficient use of manpower and be allowed to benefit from advances in technology . . . "

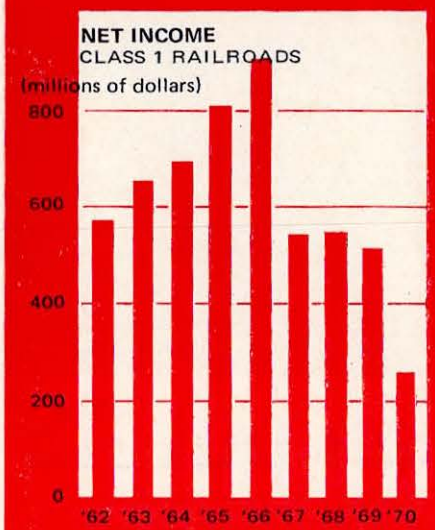
FOR 1970-1980 A BOLD NEW CAPITAL PROGRAM. . .

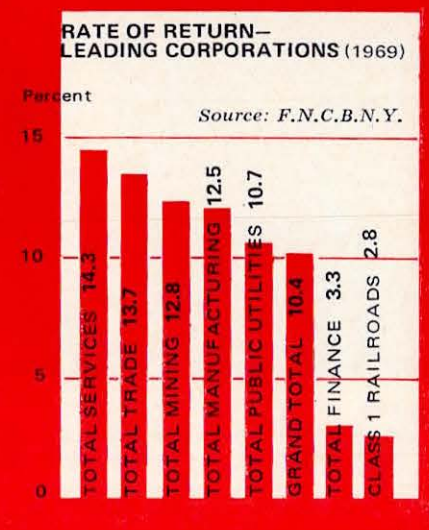
Proposed Expenditures: 1970-1980

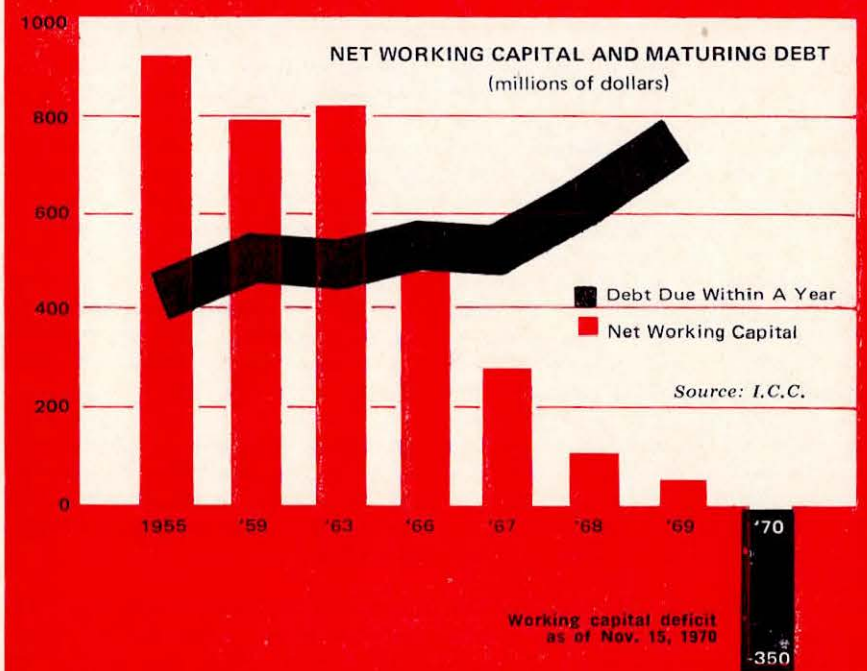
(millions)

	Average 1966-68	1970	1975	1980	TOTAL 1970-80
Freight Cars	$894	$1,623	$1,690	$1,761	$18,570
Locomotives	226	526	541	559	5,953
Rail & Tie Installations	271	528	528	528	5,814
Roadway & Structures (except rail & tie installations)	296	500	550	600	6,050
TOTAL	**$1,687**	**$3,177**	**$3,309**	**$3,448**	**$36,387**

. . .BUT RAILROADS CAN'T DO IT ALONE







Senator Smathers talks about the next step

SMATHERS:

"Only you can put ASTRO across"

The chief architect of the ASTRO report, and one of its most ardent and articulate supporters, is George A. Smathers, the former Senator from Florida. Smathers brought impressive credentials to his job as head of America's Sound Transportation Review Organization. A three-termer in the Senate (before he retired to enter private law practice), Smathers was chairman of the Surface Transportation Subcommittee when he piloted the landmark Transportation Act of 1958 through Congress. The ASTRO report has been completed—but Smathers plans to stay on the job, working for its enactment. A man with tremendous respect for the ability of Congress to reach a fair decision on any matter once it has heard all the evidence, Smathers is convinced that the fundamental common sense of the ASTRO proposals will carry the day in Congress. But he promises no miracles. Congress, he believes, reacts not to great lobbying machines, but to honest groundswells of public opinion from the grass roots. So when he talks with railroad men, with labor leaders, with railroad suppliers, with shippers, he always stresses one point: "Only you *can put ASTRO across. I believe we have a good story to tell. It's up to* you *to tell it."*

This same theme ran strongly through a recent interview which Senator Smathers granted to Railway Age Editors Luther Miller and Joe W. Kizzia in his Washington office.

Q. Senator Smathers, in the last two or three decades the railroads have been all but studied to death. What makes the ASTRO study any different from all the others?

A. I think this study is different because the condition of the patient is much worse now. What this study really demonstrates is that railroads are in a very serious condition—and that, if something is not done for them very shortly, primarily in terms of government relief, the railroads are going to go under. They will either go into bankruptcy and be operated by the Federal courts or they will be nationalized. One or the other. This study is also different because it has the endorsement of the entire railroad industry.

Q. For the past 50 years, at least, the railroads have been accused of "crying wolf." Do you think that there is any tendency in Congress today to view this as just another "cry wolf" situation?

A. Yes, I'm afraid there is and our biggest job in ASTRO, in cooperation with the AAR, is to somehow get the public and members of the Congress to understand that this is not a wolf cry. This is going down for the third time. Unless this call is heeded, it may be the last one they will ever hear from a free-enterprise railroad system.

Unfortunately, there are some distracting side issues. The Penn Central

matter, for example, did two things: first, it demonstrated the financial plight of the railroads; on the other hand, it raised side issues which have tended to obscure the real seriousness of the railroad situation. You hear that Penn Central management was no good: that they put money into subsidiary companies that should have been plowed back into the railroad.

I won't get into that debate. But our study shows that the money railroads have in other businesses actually has generally produced substantially more income than the railroad operations themselves. In fact, had it not been for these outside incomes, many railroads today would be worse off than they are. But any kind of a distraction of this character tends to make people say: "Well, clean up your own management, or settle an issue with the labor unions, and everything will be all right." That is not true. The problem is so far-reaching, so overwhelming, that any of these superficial things just won't solve the railroad problem at all.

Q. How are you going to try to get this story over to the Congress and the people? How will you insure that this is not just another report that gathers dust?

A. We're going about it in what we think is a sensible way. For example, the Association of American Railroads has an advertising program. It's not nearly as large as it used to be, quite frankly, but it's at least sufficiently large to keep before the public the fact that railroads do have a problem. We hope to step up the program in 1971.

In addition, we are trying to create an organization of shippers and railroad people to tell the general public about the railroads' problems and the need for action. We will be using those people who understand the essentiality of the railroads, who understand they cannot operate without railroads. They certainly understand that unless something is done to put the railroads on a parity with other modes, insofar as government help and government regulation is concerned, this particular mode of transportation will not be available. Then it all comes back here to Washington, where, we hope, with the help of public demand, to create a sufficiently understanding attitude in Congress to get meaningful legislation.

Q. Is the Washington climate more favorable for the action you now propose than it was when you were steering the Transportation Act of 1958 through the Senate?

A. I would think so. In 1958 the railroads were in a crisis. Nobody fully appreciated it. Then we had a hearing, and this developed such startling facts about the bad condition of railroads that this alone almost made the climate right for passing legislation.

Today the railroad crisis is far worse. But I believe the industry can succeed again if given the opportunity by the Congress to have a hearing on the railroad problem. We have asked for a hearing in the new Congress. We think we can give them such startling and alarming facts about the railroad condition that, once again, the climate will be such that we can pass some meaningful legislation.

Q. You anticipate hearings early in the year?

A. Yes, hopefully in January or February. We will be ready, and we just hope that members of the Congress will also be ready. I have talked with a number of them.

Q. And these hearings will be on the railroad problem and all the solutions needed?

A. Yes. We think this is the best way. We will go in and present a comprehensive program which, if adopted, would meet the railroads' needs. Some of our railroad presidents do not always agree on what are the No. 1 priorities. But there are no proposals that the railroads don't want.

Further than that, the Administration is going to have to make recommendations. We had a meeting the other day with Secretary John Volpe and others at the Department of Transportation. We had a very useful discussion about what DOT was going to do, what we were going to do and the need to put our efforts together. It will be up to the members of Congress to determine which courses of action they think are best.

One thing that we have said about ASTRO from the start. We don't have any pride of authorship. We're a most unprideful group in terms of wanting to put our name on all of this. We're proud of the job we did in developing the details on the railroads' condition and future needs. We think we have evolved the right solutions, some of which are original and many of which are not. We're proud of those. But as far as who presents them, we don't care. If the shippers want to lead the fight for the National Freight Car Corporation, which we are also for, that's great with us. If some other groups want to push for other legislation in the report, that's fine with us. What we're really interested in is results.

We know from experience that it's going to take a strong unified effort on the part of shippers, railroad people, railroad labor organizations, railroad suppliers, the Administration and some people in the Congress who understand the problem and who will be willing to stand up and be spokesmen.

Look at it this way: Everybody's a customer. They may not know anything about railroading. They may like trucks. They may like to take their vacations on a ship down in the Caribbean. You name it. But they're all consumers. And they must understand that, if railroads go into nationalization, the cost of all the products they use is going to be higher. We're all consumers, so to that extent everybody ought to be interested in this problem. You cannot get along without railroads.

Q. Do you expect any organized opposition?

A. I think it would be unrealistic to say that at some place along the line we would not have opposition. I would hope that it would be minimal. I would hope that even those who historically have opposed anything railroads asked for will understand that, if railroads go under, if they are nationalized, it will be inevitable—believe me, inevitable—that other modes of transportation will be nationalized or severely restricted in their operation. How long, for instance, can truck lines prosper in competition with the Federal government? Railroads are the biggest single part of the transportation industry. And if you nationalize the biggest part of an industry, the periphery, all the others, will eventually be controlled. That's why we say that this is no time for one of those historic fights between the modes of transportation.

Q. About a dozen years ago you were opposed to Federal subsidy to railroads because you were afraid it might lead to government ownership. What has happened since then to cause you to change your mind?

A. We're not talking about an operat-

"RAILROADS ARE ASKING FOR EQUALITY... FOR FREEDOM FROM

ing subsidy. The railroads don't need somebody to give them money to operate, not in the sense that smaller airlines do. We're not talking about that. I think people ought to understand this. We're asking for the same opportunity to get at Federal money that truckers have, that the maritime industry has, that the aviation industry has—for the purpose of keeping up our rights of way; for the purpose, more particularly, of being able to at least win seed money to go out and get equipment. Principally, we want loans.

We would like to participate in a single Transportation Fund, where the money will be spent on all modes in the places it will do the public the most good. Otherwise, if railroads don't stay viable, there will be an avalanche of trucks on the highways. That would make it impossible for ordinary motorists to use highways. Railroads offer one of the best solutions to making highways available to the motorist.

Railroads also offer the solution to city strangulation. Tonight, at the rush hour in Washington, you will see one car with just a driver. You may occasionally see one driver with two passengers. But as long as you have this kind of a system you won't be able to build roads fast enough to avoid the congestion. The only way you can avoid that is to develop some sort of mass transit system, and the mass transit system logically has to be some sort of large rail movement.

We are not, obviously, asking for subsidy in the ordinary sense of the word. We're asking for equality of treatment in terms of government credit, in terms of borrowing government money. Our program is geared basically to capital improvements. The whole idea of ASTRO is to look at what is needed in the next 11 years, to figure out what the industry will have to do to meet those needs, and then to involve the government in some sort of balanced contribution toward the specific goal of modernizing and expanding railroad capability.

Q. Doesn't the ASTRO program contemplate that railroads will continue to invest in capital improvements at the level which they have so far maintained through normal channels, with the government contribution to go on top of that?

A. The industry would have to *increase* its annual capital budget by $1 billion, even if all of the ASTRO proposals were put into law. I don't think railroads can afford *not* to spend below their absolute ability to raise money. If they cut back, it will cost them revenue. It will cost them customers—customers they probably cannot get back, customers they already are afraid of losing. In my conversations with railroad presidents, I find they are gravely concerned about not being able to buy nearly as many freight cars, of all descriptions, as they need.

In our projections, with normal growth—and even assuming no increase in the 41% of total intercity traffic hauled by railroads—the capital needs by 1980 are going to be $36 billion. According to Department of Transportation studies, the need will be $44 billion in 12 years. This is more than railroads now have invested in the whole plant.

This country is going to need to greatly increase by 1980 the number of railroad cars and locomotives and other equipment in order to meet the normal growth demands of the nation and to improve present service levels.

Where do you get this capital? Railroads have a return on invested capital of under 2%, the lowest of any industry. How long since you read that some investment banker group or some mutual fund has bought railroad stock? They don't. Why? They can't earn anything.

Incidentally, if all the Federal programs suggested in the ASTRO report were implemented, the railroads' capital programs—their own contributions—would still be 70% more than they have been in the last three or four years. They would have to increase their own participation by about 70%. We're talking about a total need of $3.3 billion a year. At the most, direct Federal participation would amount to about $700 million. I would like to reemphasize that railroads are not seeking a subsidy in the normal sense. They are asking for equality, for freedom from over-regulation, for the opportunity to get at the same credit that is made available to other businesses. Given that opportunity, they'll pay their taxes, they'll pay their way. It's like you said in Railway Age: What the industry wants is a hand, not a handout.

Q. When you go to the Hill for hearings, what can be done to prevent these hearings from becoming transportation hearings? How would you prevent the trucks, or the other forms of transportation, from trying to get into the picture?

A. I'd like to say "by magic." This is going to be a hard one. You're right—this is a question that I've worried about a lot. If we get into a total transportation hearing the railroad industry is in trouble. By the time you get through listening to the railroad problems and the airline problems and the barge line problems, merchant marine and so on, the session will be over. Railroads are the taproot of the transportation industry. They are sick and

OVER-REGULATION...THEY WANT A HAND, NOT A HANDOUT"

they need immediate attention—now. Consideration by the Senate Surface Transportation Subcommittee, which is the committee of which I was chairman, would at least limit the hearings to surface transportation.

There is, of course, the possibility that the hearings could split off into two directions—one concerned with regulatory reform, which is intermodal; the other dealing with financial aid to the railroad industry. We prefer to present this total package initially to one committee. Obviously, tax matters would end up before Ways and Means in the House, or the Finance Committee in the Senate, and, as far as the Transportation Trust Fund is concerned, with the Public Works Committee. So our program would take varying routes as it goes through. In '58 we were able to keep most of it in one subcommittee, which is what we would like to do again.

Q. You feel, apparently, that there must be tremendous grass roots support for this . . . .

A. Yes. There are so many pressures on the Congress, so many matters to occupy their time, such a mad scramble for what little credit there is that, unless you build understanding throughout the country, and thereby in Congress, I don't think you can get the program off the ground. One of the big reasons why the railroads' problems have not been resolved years ago by Congress is that the consumers don't realize how important the railroads are to them and how much the industry's problems are costing the nation.

Q. Much has been made of the unity that seems to exist, for the first time, within the industry on the ASTRO recommendations. Do you sense this unity of purpose as you talk with railroad men and others about ASTRO?

A. Yes, I think everyone appreciates that the domino theory applies to railroads. As I said earlier, we do have complete industry support for the ASTRO recommendations, although the priorities may be different. But we all recognize the objective is to put strength back into the industry.

Q. Will you propose an actual bill to Congress—an omnibus bill of some kind?

A. No. Our purpose is to present the problems and what we see as the solutions. You have to take into account, too, what the Administration will recommend. They've got some votes. So the Administration would come first. They will have recommendations and maybe, a bill. We expect we will support what they recommend, although we may say there are other solutions, too, which we think should be considered.

I'm not sure what the Administration will recommend. But let's say they don't recommend all the ASTRO report, just parts of it. We present our program. Then it will be up to Congress, to the Commerce Committee or subcommittee members.

I remember very well how we developed that legislation in 1958. There was no bill; we developed the bill out of the committee. We put the package together. I really think that makes more sense than for us to go in there with a big bill. I don't think it's too important, because they're going to take what they want in any event. We can draft it or they can draft it.

Q. Will the labor organizations play a major role in this?

A. Yes. We expect them to and they have indicated that they will. They were instrumental in urging the industry to prepare a comprehensive and long range program, which ASTRO did. Their future is wedded to the modernization and growth of the industry. They've got a lot to lose if the railroad industry collapses. Labor rates in countries where railroads have been nationalized are below the average rate of other industries in those countries. The Post Office wages in this country are low compared to other industries. The railroad labor people are not going to be better off by having nationalization. Anyone who doubts this need only look at what has happened in Europe.

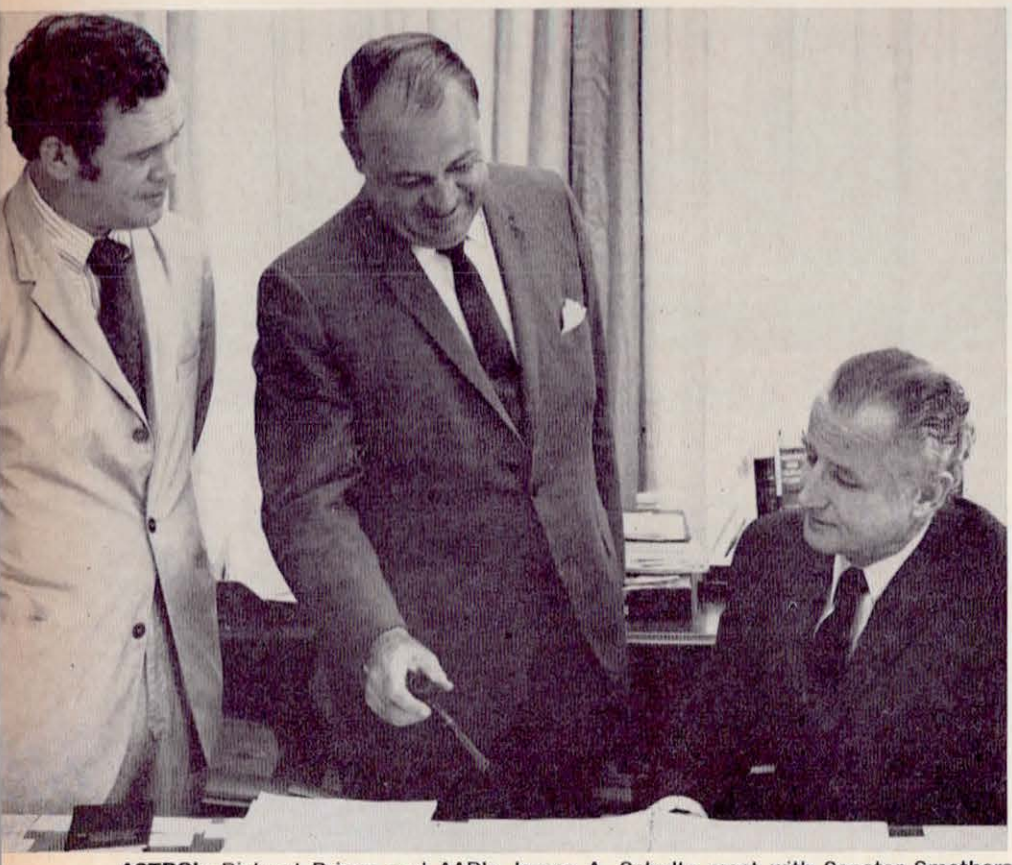
Q. How about the railway supply industry?

A. They're helping. Actually, we don't find anybody who, as they begin to understand the program, is not enthusiastically getting involved, and this is exactly what we need. The suppliers have a major role to play.

We have had a couple of misunderstandings. A couple of fellows in the shipping community—people who had not given much thought to what we have recommended, or had looked at the railroad industry vis-a-vis other industries, especially in terms of the treatment government gives other industries—said they were not for anything like this because it meant nationalization. What they hadn't realized is that unless something along the lines of the ASTRO recommendations is done, it's sure that nationalization is the next stop. Now, those people are coming around. We don't find any large pockets of opposition, and I don't think we will. I think, given more time, we're going to find more groups enthusiastically getting aboard this particular program. ■

"ASTROnauts" go into action ►

Telling the ASTRO story:



ASTRO's Richard Briggs and AAR's James A. Schultz meet with Senator Smathers to discuss plans for feeding material to thousands of "ASTROnauts" who will help spread the story. Briggs is executive director of ASTRO.

G. E. LEIGHTY came on early with an expression of labor support for ASTRO. Help of the labor organizations is viewed as a key element in winning regulatory and legislative reforms.

SHIPPER SUPPORT for ASTRO will come through the National Association of Shippers Advisory Boards, headed by Allen K. Penttilla (above), the National Industrial Traffic League, and other groups.

DONALD T. MARTIN of Seaboard Coast Line is directing a nationwide campaign to win ASTRO support at the grass roots.

Everybody

Having a good story to tell is one thing. Telling it is another. National information campaigns can cost millions of dollars—and railroads made it clear at the outset that they did not have millions to spend propagandizing ASTRO. "If we were that rich," observed one railroad executive wryly, "we wouldn't need ASTRO in the first place."

The fact is that at about the same time directors of the Association of American Railroads were unanimously and enthusiastically adopting ASTRO's proposals, they were also grimly cutting back the AAR's advertising and promotion budget—from a few million dollars a year to a few hundred thousand.

Some railroad public relations men quietly panicked. At a time when railroads needed more desperately than ever to get their story across to the public—and through the public, to Congress—the professionals (as they saw it) were being deprived of the money to do the job.

More money *is* needed for advertising and promotion, and ASTRO's George A. Smathers is among those who hope the railroads will produce it in 1971. But the need is not as big as it might have been—because in recent weeks, something remarkable has happened.

With a show of esprit rarely if ever witnessed in an industry more noted for internal squabbling than for unanimity of purpose, railroad men all over the country have begun to rally under the ASTRO banner. Short on money, but long on enthusiasm and organization

RPI CHAIRMAN HENRY CORREA (right) and RPI President Nils Lennartson are heading the supplier-organization's efforts in support of ASTRO. Thousands of opinion leaders will be reached through RPI's slide presentation.

is pitching in

ability, they are beginning to spread the ASTRO story—in public speeches, in letter writing campaigns, in radio, television and newspaper interviews.

Meanwhile, labor leaders have pledged their support. Shippers have indicated they will support key segments of ASTRO. Railroad suppliers, working through the Railway Progress Institute, have been quick to step into a major ASTRO-promotion role; it will grow.

Result: While nothing resembling a "steamroller" lobby will be assembled to promote ASTRO (railroads have never gone in much for that kind of razzle-dazzle, anyway), a lot of little wheels will be turning all over the country—with the expectation that a lot of big wheels can be made to sit up and listen.

● **Help from Washington.** The core of ASTRO promotional activity is at the AAR's headquarters at 1920 L Street in Washington, where ASTRO maintains its own modest permanent staff (Richard E. Briggs is executive director) and where Jim Schultz's AAR public relations staff is available to help turn out reams of printed material for use by the volunteer "ASTROnauts" at the grass roots level.

Directly heading up the national grass roots campaign is Donald L. Martin, whose full time job is directing the public relations and advertising activities of the Seaboard Coast Line in Jacksonville, Fla., but who has hung out a part-time shingle at 1920 L Street. Under Martin's direction, the nation has been divided into 19 areas, each headed by a railroad public relations volunteer. Speakers' bureaus have been established and appearances before opinion-leader groups are being scheduled at a rapid pace. In all cases, railroad personnel from the operating, traffic and legal fields are pitching in to help the p.r. specialists. Ultimately about 2,000 people will be closely involved in this grass roots campaign—"and our aim," says Martin, "is to get every railroad employee in the country involved in one way or another."

A slide presentation has been prepared for use throughout the country, as well as a great variety of printed material, ranging from proposed radio scripts to press kits and leave-behind pamphlets.

Meanwhile, a national speakers' bureau is starting to function in Washington. Already more than a score of major ASTRO speeches have been made before important groups. ASTRO's George Smathers will himself be busy on the ASTRO circuit, along with AAR Chairman Thomas M. Goodfellow, new AAR President Stephen Ailes, and every railroad president who can command a podium.

Advertising will be severely limited by last summer's budget cuts, but some radio and television spots will continue through December, and a special ASTRO campaign of undetermined proportions is scheduled for February.

● **Labor lends a hand.** Rail labor support could give ASTRO a powerful boost—and the indications are that this support will be forthcoming, at least on a selective basis.

Top labor leaders expressed their agreement-in-principle with ASTRO just a week after the report was issued. Since then, a number of railroads have begun campaigns to acquaint employees with the details of ASTRO—and with the reasons why ASTRO is important to employees.

G. E. Leighty, chairman of the labor team which has been meeting with management, calls the ASTRO recommendations "a giant stride toward solving many of the problems of mutual concern to both labor and management." Labor's other representatives on the labor-management committee are Charles Luna of the United Transportation Union, C. L. Dennis of the Brotherhood of Railway and Airline Clerks, R. C. Crotty of the Brotherhood of Maintenance of Way Employes, and James Yost of the AFL-CIO Railway Employes' Department. Among them, they represent the vast majority of rail employees—men and women who can be counted upon to help point out the importance of a healthy railroad industry to thousands of communities across the country.

● **Big assist from the RPI.** The Railway Progress Institute, representing 200 railway equipment manufacturers that employ several hundred thousand people in 40 states, will support ASTRO on a broad front—not only in Washington (through its headquarters office), but throughout the country, where RPI's slide presentation, "Make Way for Progress," will be shown before thousands of opinion leaders.

RPI's slide show has already won wide acclaim from railroads for its hard-hitting emphasis on "the dynamic, *new* railroads." The show is constantly updated to reflect late railroad developments. Right now it is acquiring a strong ASTRO flavor.

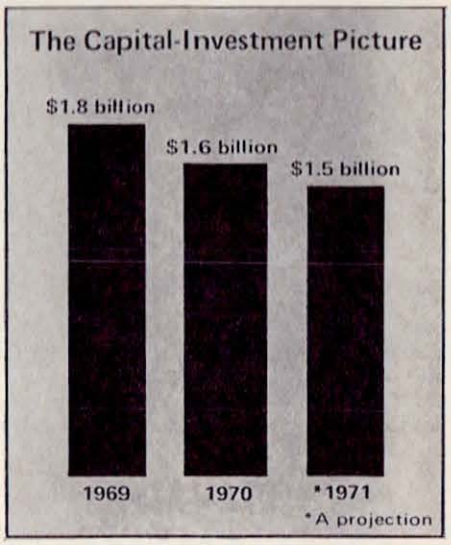
"For example," says Henry A. Correa, newly-elected chairman of the RPI (and president of ACF Industries), "when Senator Warren Magnuson recently introduced the Railway Equipment Obligation Insurance Act, as well as the National Freight Car Corporation Act, we immediately retailored our presentation to make our audiences aware of these bills, and to encourage them to write to their elected representatives."

Unless some of the ASTRO proposals are enacted into law, Correa is "extremely pessimistic" about the railway market in the immediate future. "With a return on net investment that has now fallen below 2%, it is very difficult for railroads to raise the capital to buy enough equipment simply to stay even,

(Continued on page 80)

HOW MUCH NEW EQUIPMENT IN '71?

Capital spending will drop unless aid is forthcoming



SPENDING FIGURES for each year include estimated $300 million for leased and private-carline equipment.

By **GUS WELTY,** Senior Editor

Railroad budget-planners this year are playing a waiting game—by necessity, not by choice.

They are aware, of course, that the waiting game is a dangerous one. But they are equally aware that to plunge ahead now into massive programs for 1971 might be to flirt with other dangers—dangers which are different, but no less real.

At this point, with '71 just a month away, the best guess is that there will be fewer dollars invested in rail equipment and property improvements next year than in 1970. The drop won't be as precipitous as some predict. But there is little chance that total spending can be propped up to this year's levels unless the industry begins to benefit from just the right combination of external and internal changes which could affect its performance.

● **How '70 stacks up.** Current estimates of capital spending indicate that railroads did about the best that could be expected in 1970. One estimate, developed inside the industry, pegs improvements expenditures at $1.6 billion, or a bit more, with railroads alone accounting for $1.3 billion of the total. A second estimate, generated on the outside, runs somewhat higher—$200-million-plus higher.

Both sets of surveys see a falloff in 1971. The inside estimate puts railroad spending at approximately $1.2 billion, with equipment acquisitions by private owners pushing the total to $1.5 billion or above. The outside estimate—a two-year look-ahead by McGraw-Hill's economics department—sees spending holding at $1.6 billion in 1971 and then starting to rise in '72.

If you set these figures alongside certain other figures—showing total railroad net income for 1970 at less than $300 million, and showing more than half of railroads with working-capital deficits—you reach a couple of conclusions: (1) As a whole, the industry is in fact redeeming its pledge to go as far as it can with improvement programs; and (2) the industry's case for "creative Federal involvement" has certainly not been overstated.

● **What may come in 1971.** What happens in '71 will depend on a host of variables—and on their falling into place properly. There are, for instance, these factors to be considered:

—The economy generally. Will the continuing winddown from a semi-wartime economy create new economic soft spots and maintain existing ones? Does the recent cut in the prime rate indicate a real lowering of interest rates, or was it just a jiggle in the figures? Will General Motors' return to production trigger a mini-boom during first-quarter 1971, and if it does will there then be enough momentum generated to sustain an upward drive deeper into the year?

—Government reaction to the current railroad problem. During 1970, Congress enacted and President Nixon signed two key pieces of railroad legislation, Railpax and the safety bill. But the impact of each has yet to be gauged, for both short- and long-term. Two other bills, also key in trying to measure rail improvement planning, were introduced late in the session—one to set up a National Freight Car Corporation, the other to promote equipment acquisition through a government guarantee of equipment obligations. Government planners had no thought of getting action on either of these programs in 1970—but merely by putting the proposals before Congress, Senate Commerce Committee Chairman Magnuson and the bills' co-sponsors have, hopefully, eased the way for prompt consideration when the new Congress comes to Washington in January. And, of course, there is virtually the full range of other ASTRO-based proposals which must be translated into legislative terms for a look-see by Congress.

—The state of the industry itself, with particular attention to the Penn Central situation. Without much doubt, PC's plight will be high-up in the thinking in Congress when rail-related measures are under study. At the same time, and even allowing for PC's impact on the figures, the 1970 industry net income estimate of $300-million-or-less is a shocking one: You have to go back to 1940 to find a lower figure.

—What the nation really wants from its railroads, and from its transportation system as a whole. There are a number of immediate steps that might be taken—action on a National Freight Car Corporation bill would represent just one—

to bring a physical improvement to railroad transportation. But in the long run, observers argue, the answer is not to pile aid program atop aid program but rather to get the industry into a position where its over-all earning power can be substantially increased. This will take time. But Congress could get things moving in a hurry, through positive action in such areas as transport regulation and transport financing and promotion.

● **The planners' problems.** In the meantime—while all these questions remain unanswered and while the mood of the country remains unassessed—railroad budget-planners are working away on next year's programs (using, as one observer put it, "a mixture of slide-rule and prayer-book").

Understandably, there is a strong tendency to delay investment decisions as long as possible. If Congress follows through and/or if the cost of borrowed money slips, today's investment might seem a less-than-good bargain when viewed from tomorrow. At the same time, as one rail chief executive declares, "We just cannot defer equipment purchases if we're to be ready for the upturn in traffic that is coming in 1971."

Various figures could be cited as indicators of what railroads should be spending. In some quarters, 70,000 new freight cars per year is regarded as the minimum which railroads should be acquiring. ASTRO's 10-year investment goal is $36.3 billion, with just over half of the expenditure going for freight equipment.

The record on 1970 car orders, however, contrasts rather starkly with the goals. In third-quarter '70, for example, orders were placed for fewer than 10,000 new and rebuilt cars, and about half of these orders were reported in the first month of the quarter, July.

● **"Building for the future."** If you run down the list of roads with announced '71 programs, you do find a few bright spots—at least relatively. One of these is Southern—which had record-high expenditures of $125 million in 1969, followed up with a $121-million program this year and expects to do about the same next year. Earlier in '70, Southern noted that it could cut back significantly "should there be any reason for doing so." But, the road added, "a capital-spending program represents building for the future and the expectation is that Southern will carry out the budgeted program."

Santa Fe is one of many major roads which hasn't come out with a total program as yet—but it's hard to see how Santa Fe could fail to have a spending increase. This year, the road pegged its railway expenditures at $82 million—and its freight-car acquisitions represented fewer than 1,000 units. For '71, Santa Fe has already budgeted about $50 million for more than 2,500 freight cars—with motive-power and fixed-property improvements yet to come.

Frisco will definitely be showing an increase in 1971—due in some part to the General Motors strike. Locomotive deliveries originally planned for this year will take place next year—and as a result, Frisco is now estimating spending at $23 million for 1970 and $28 million for '71.

A goodly number of other major carriers are heading into the new year with budget forecasts on the downside. Southern Pacific, for example, is talking in terms of a program involving a drop from $214 million spent by the company this year—but a reappraisal upward could come, depending upon developments in Washington.

Congress could get things moving in a hurry, through positive action in such areas as transport regulation and transport financing and promotion.

● **Price, quality, salesmanship.** Under the circumstances, it's difficult to forecast 1971's impact on railway suppliers. A sharp upturn in traffic and revenues, coupled with favorable action in Congress on car-acquisition programs, could produce a first- or second-quarter surge in orders. It's questionable, now, whether "surplus" capacity actually exists in the supply business—because a certain amount of capacity was wrung out after 1966, when businessmen discovered that railroads weren't going to continue spending at a rate of $1.9 billion a year and that total equipment-and-plant expenditures would not stay at a $2.5-billion-a-year level. What seems fairly sure, however, is that a buyer's market may be in force—a market in which product quality (as well as price) will be getting added emphasis, and a market in which manufacturing excellence will have to have support from solid, hard salesmanship.

Coming along, too, will be an increasing shipper involvement in equipment acquisition. R. N. Hampton of Salomon Brothers put it this way, at a recent Railway Systems & Management Association seminar: "Equipment financing for the 1970s will begin to increasingly be affected by the willingness of the shipper to become involved, not only in car design and routings but in the actual financing, too. Such involvement can save substantial dollars in transport cost. More importantly, it is the only way that needed equipment will become available."

● **Less shelter, more earnings?** Of necessity, Hampton was looking at conditions as they exist, not as they might be. And he offered this observation, which went to the core of the investment situation: Through its taxing policies, Congress "has repeatedly shown its awareness of the financing problem which has consistently faced America's railroads . . . Government treatment has seemingly become increasingly beneficial until this year when railroads, almost uniquely, are able to amortize equipment over five years and can depreciate certain new right-of-way construction. The only problem is that as the government largess has grown, fewer and fewer railroads are able to benefit from these tax-deferral programs. Only through indirection, as leasing, can railroads receive even partially the benefits that the new revenue act is intended to confer—and even the route of lease financing is closed to some railroads. It is time, obviously, that the government recognized that the plight of the railroads requires less tax shelter and more real income subject to tax."

Many suggestions have been made, he added, covering a direct government involvement. But "I can only make the point that all of these suggestions would make it easier to raise debt [while] they would do little individually to improve real income. And after all, in the final analysis, when railroads earn a compensatory return on investment, there will be no need for this type of subsidy."

That, in essence, is also what ASTRO is all about: (1) Getting the machinery set up to provide the immediate improvements needed, while (2) getting government/industry relationships in shape to permit railroads to make their own way, successfully and profitably for all concerned. ■

Watching Washington

REID BEDDOW

THE CONGRESSIONAL LINEUP

The Congressional elections produced some changes in the composition of transportation-related committees. One, maybe two key chairmanships will change hands come January. The certain chairman change is that of the House Transportation Subcommittee, now led by Rep. Samuel N. Friedel (D.-Md.), a highway advocate defeated in the spring primary. One of four representatives seems in line for the chairmanship: Torbert MacDonald (Mass.), John Jarman (Okla.), John Moss (Calif.), or John Dingell (Mich.). Those are the four Democrats in order of seniority within the full House Commerce Committee, which, of course, is chaired by Rep. Harley O. Staggers (D.-W. Va.), a good friend of fellow West Virginian Stephen Ailes, AAR president-elect; but it would be a rash person this early after the election who would predict the operation of the hoary Congressional seniority system. The chairmanship which may change hands is that of the Senate Surface Transportation Subcommittee, now led by Sen. Vance Hartke (D-Ind.) who faces a recount in his contest. Indications are, however, that Hartke will win the recount.

Both the House and Senate transportation subcommittees are going to be where the action is on any railroad relief legislation, and the AAR legislative staff is watching these chairmanships very closely.

SENATE COMMERCE LOSES GOODELL AND TYDINGS

Turning to the bigger committee picture, nine of 19 members of the Senate Commerce Committee were up for election. Six won (seven, counting Hartke): Democrats Pastore (R.I.), Hart (Mich.), Cannon (Nev.), Moss (Utah); Republicans Scott (Pa.), Prouty (Vt.). Two Senate Commerce members lost: Goodell (R.-N.Y.), and Tydings (Md.), opening up at least two seats on the committee. In the full Senate, the elections produced an interesting newcomer in the person of Rep. Lowell P. Weicker, Jr. (R.-Conn.), his state's senator-elect and a former consultant to the Connecticut Transportation Authority.

Weicker is the representative who this summer introduced a bill calling for the Federal government to take over and maintain railroad rights-of-way. The National Association of Railroad Passengers is urging Senator-Elect Weicker to put in for Senator Goodell's seat on the Senate Commerce Committee.

Over in the House Commerce Committee, there will be four changes, with two Democrats and two Republicans absent in January. The two Democrats are Friedel, mentioned above, and Rep. Richard Ottinger (N.Y.) who ran for the Senate and was defeated. On the Republican side, Rep. Glenn Cunningham (Neb.) was defeated in his primary; and Rep. Albert W. Watson (R.-S.C.) ran for governor and lost. New members for both Senate and House Commerce committees will be selected by the special "Committee on Committees," appointed by the respective party caucuses in each house when they meet in January.

PC will centralize operations

Penn Central President William H. Moore has announced organizational changes which he says "are designed to eliminate the duplication of supervisory and administrative functions which has persisted since the merger."

The new structure places direct control of all regional operations, except the makeup and movement of trains, with the headquarters staff at Philadelphia. Moore says this will enable the six regional general managers at Chicago, Indianapolis, Detroit, Pittsburgh, Philadelphia and New Haven "to concentrate on continuing to make improvements in operating Penn Central trains."

Direction and control over maintenance of locomotives and cars, and maintenance of track, bridges, buildings and other fixed facilities will be brought under direct supervision of officers of the equipment and engineering departments at PC headquarters. Formerly, supervision of this work throughout the 23 operating divisions has been a line responsibility of departments on the regional general managers' staff.

All non-operating departments having regional offices responsible to the general manager also will report to headquarters officers. These include field offices, personnel, labor relations and industrial engineering staffs.

Other departments with representatives in the regions, such as sales, industrial development, legal, security, purchasing and public relations, will continue to report directly to the headquarters staff.

Moore said additional changes will be forthcoming on the basis of studies now under way "to improve efficiency and productivity in every department of the company."

"We are pleased with the progress that has been made in improving service," said Moore. "The changes announced today will further enhance the better service Penn Central is now giving."

Among changes announced earlier by Moore: appointment of assistant operating vice presidents, east and west, to assist the vice president-operation; and the addition of an assistant vice president-yards and terminals to reduce terminal delays.

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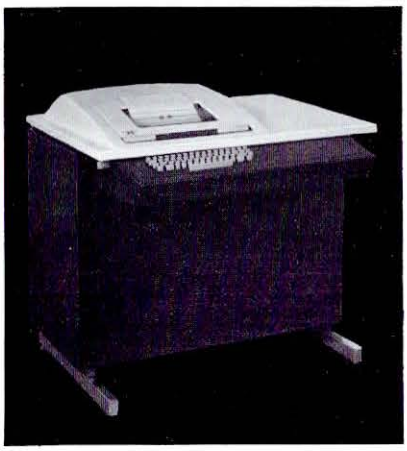

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†*Late. It's a four-letter word at*

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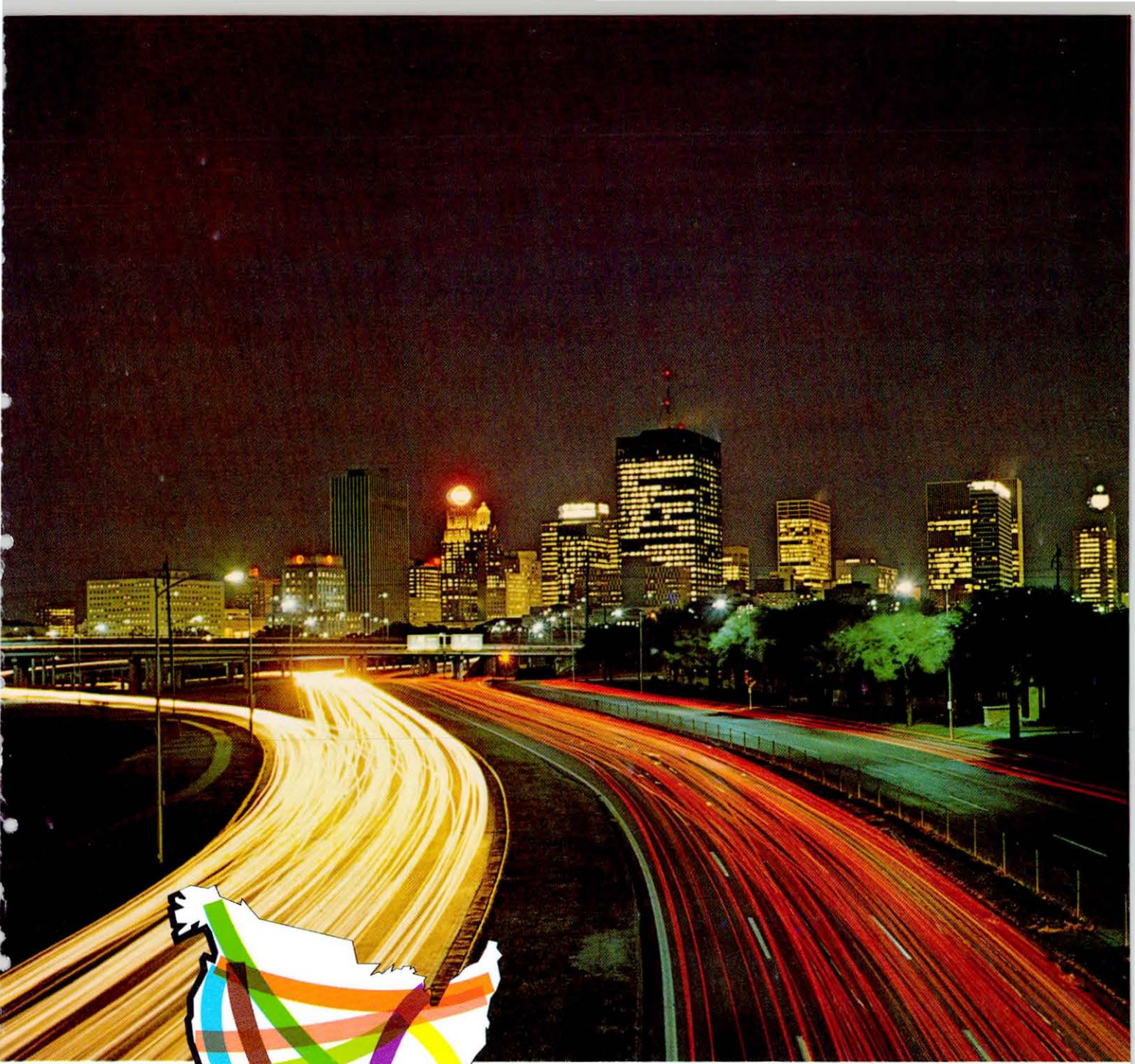

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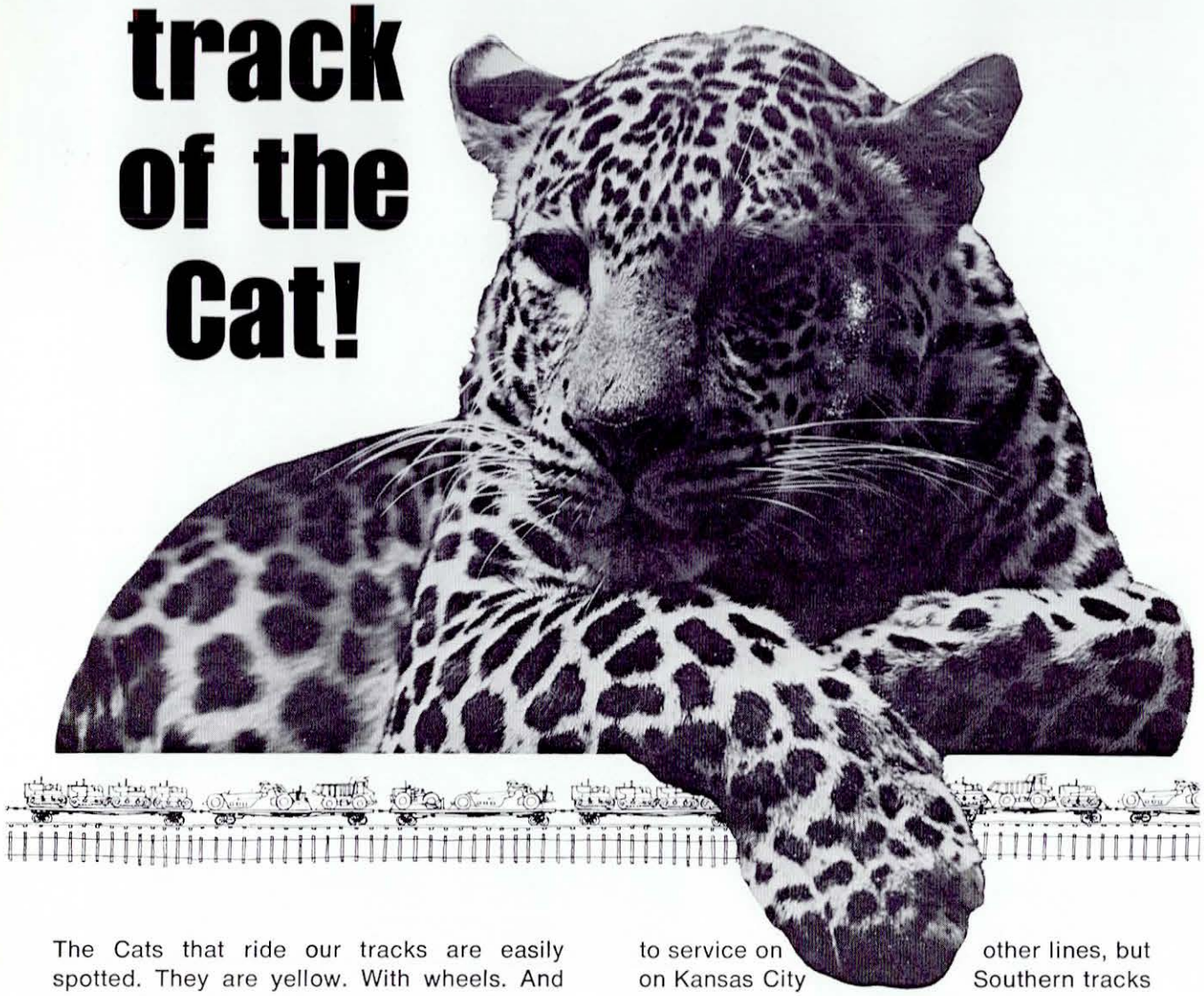
CONSOLIDATED FREIGHTWAYS

the track of the Cat!



The Cats that ride our tracks are easily spotted. They are yellow. With wheels. And called Caterpillars. They come from Peoria, where they are made, to Kansas City where they are switched to Kansas City Southern tracks. Where they go from there is anybody's guess—because Kansas City Southern has 28 interchange points between Kansas City and New Orleans. Some are speeded to hundreds of markets across the nation. Some are headed to the many markets we serve directly in Missouri, Kansas, Oklahoma, Arkansas, Louisiana, and Texas. Some are even shipped to foreign ports through one of our Gulf port connections. We don't know how these Cats react to service on other lines, but on Kansas City Southern tracks there's nary a growl. They know we mean business.

The Caterpillar Tractor Company and hundreds of other manufacturers depend on Kansas City Southern to get their shipments, on schedule, to these interchange points between Kansas City and New Orleans: Kansas City, Eve, Pittsburg, Joplin, Neosho, Sallisaw, Panama, Poteau, Howe, Fort Smith, DeQueen, Ashdown, Texarkana, Shreveport, Greenville, Farmersville, Dallas, Stamps, Hope, DeRidder, DeQuincy, Lake Charles, Beaumont, Port Arthur, Winnfield, Alexandria, Baton Rouge, New Orleans.

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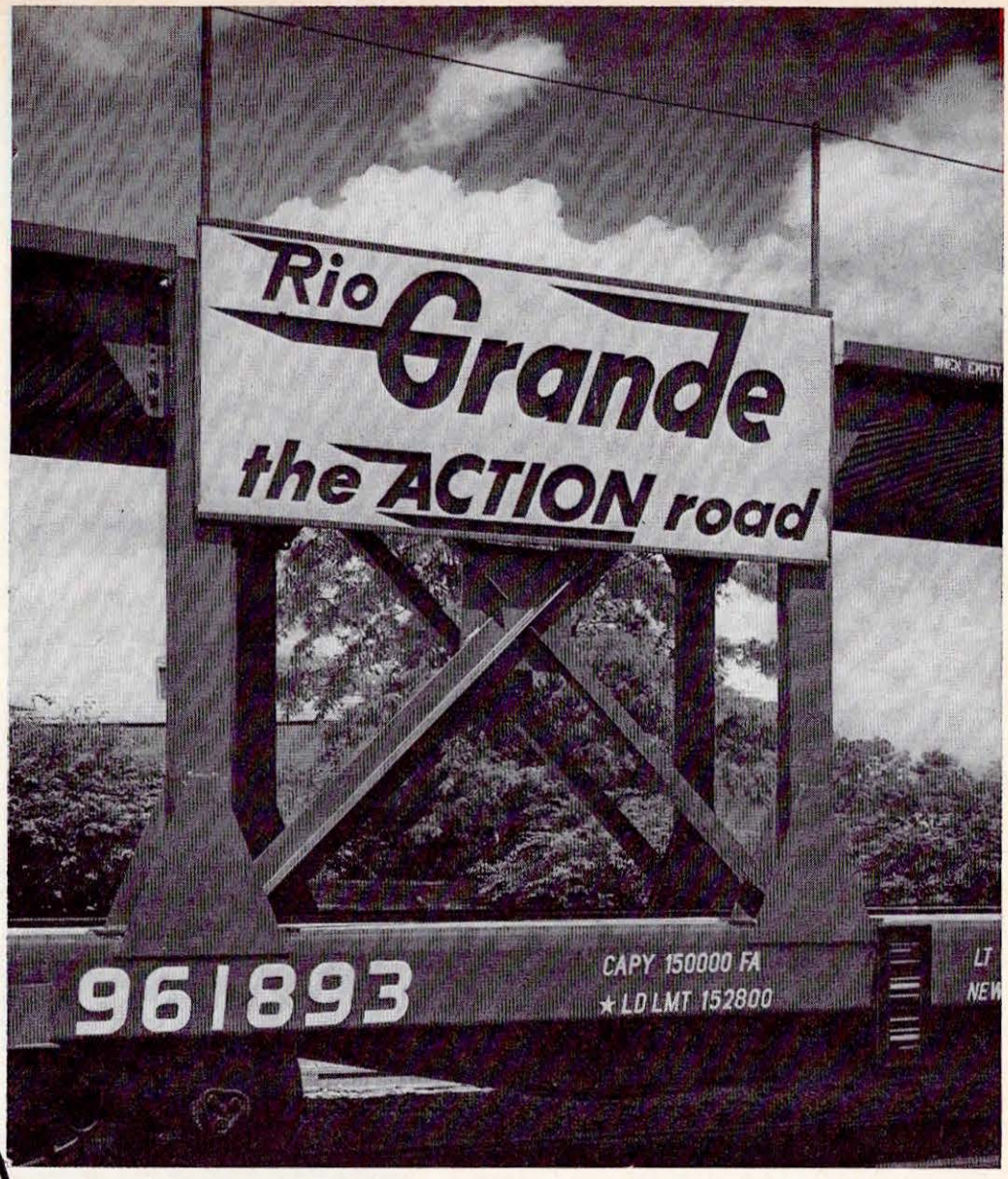

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OUR "RUN-THRU EXPRESS" MOVES THE WEST COAST 24 HOURS CLOSER TO THE EAST COAST.

We figured one thing the shippers in this country could use is a day off. Now you get it.

The Seaboard Coast Line, Frisco and Union Pacific Railroads have linked up to form the Coast-to-Coast "Run-Thru Express" train.

It runs daily with expedited service between North Platte, Nebraska and Jacksonville, Florida.

And fast connecting service is provided from all major western points to all major southeastern points.

So from now on when you want to haul freight, ship via Seaboard Coast Line. And save a full day.

For information about freight service in the Southeast, see your local S.C.L. representative or write: Horace M. Emerson, Vice President - Freight Traffic, Seaboard Coast Line Railroad, 500 Water Street, Jacksonville, Florida 32202.

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"Nobody makes this run in better time than we do.
That's my railroad. Make it yours."

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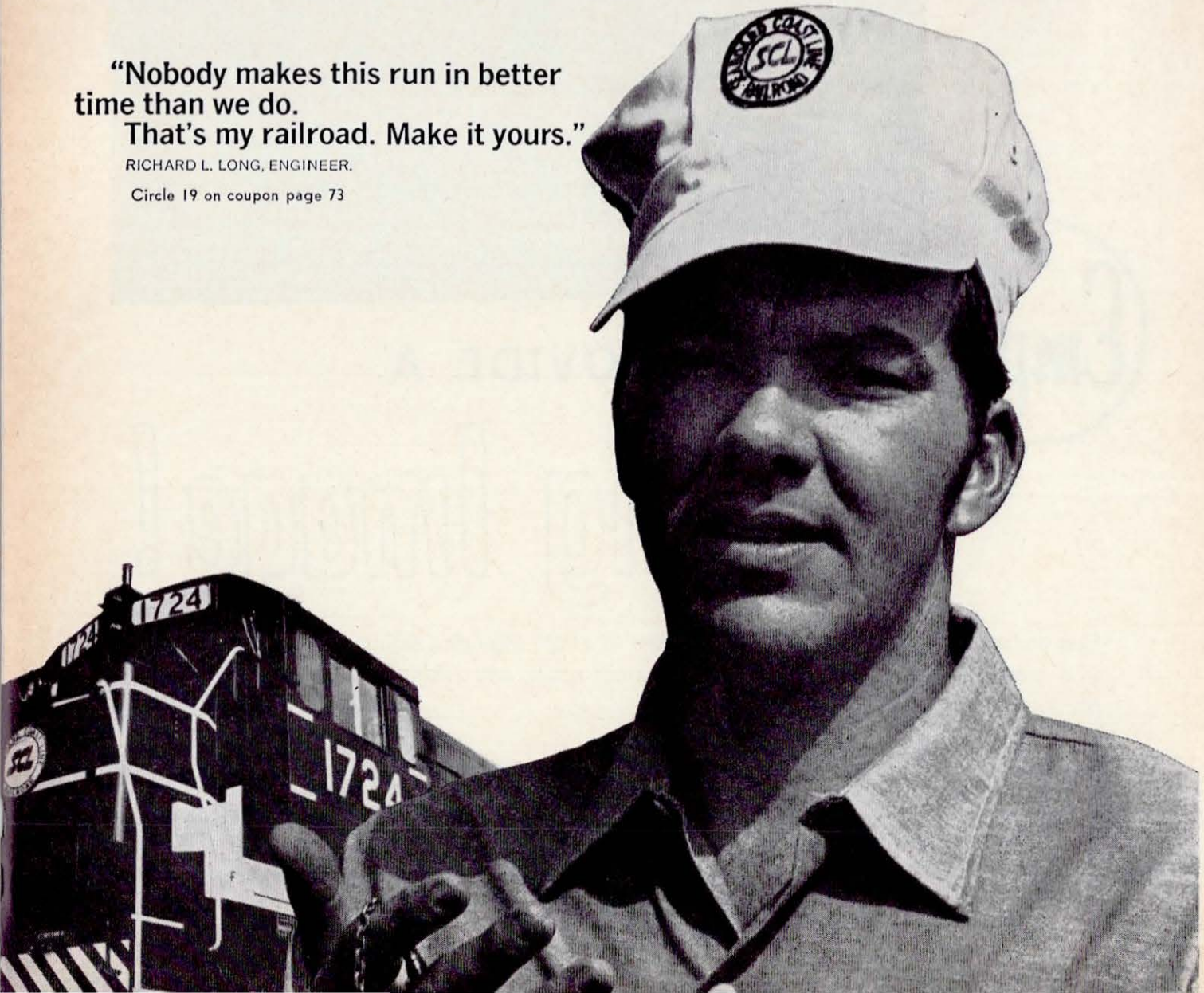

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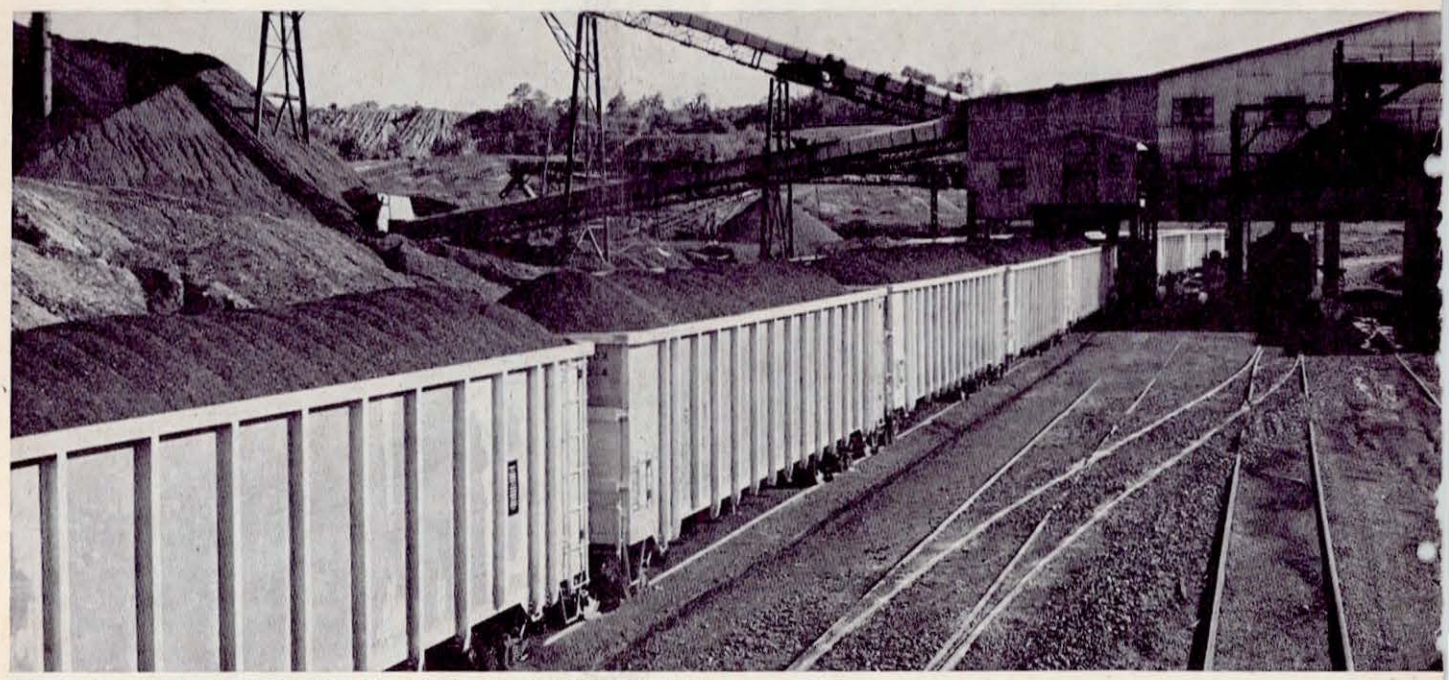
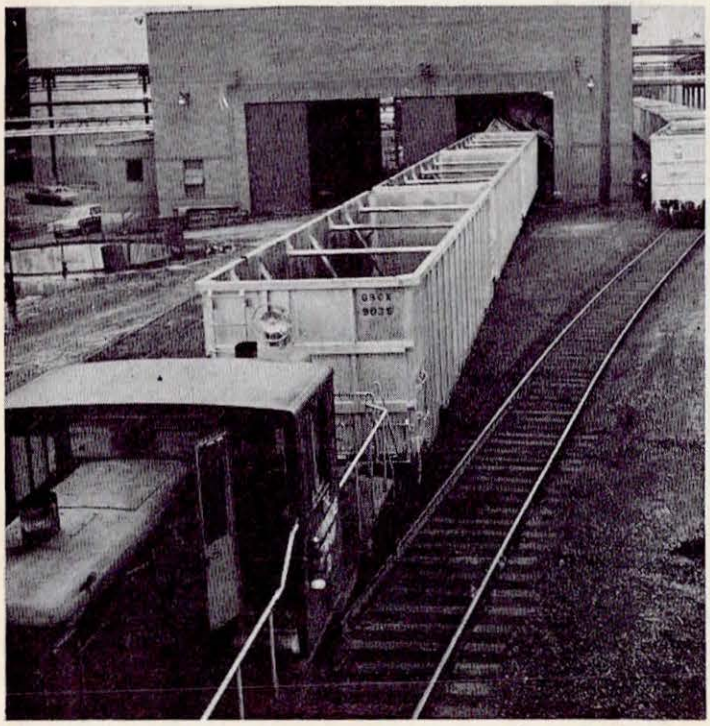
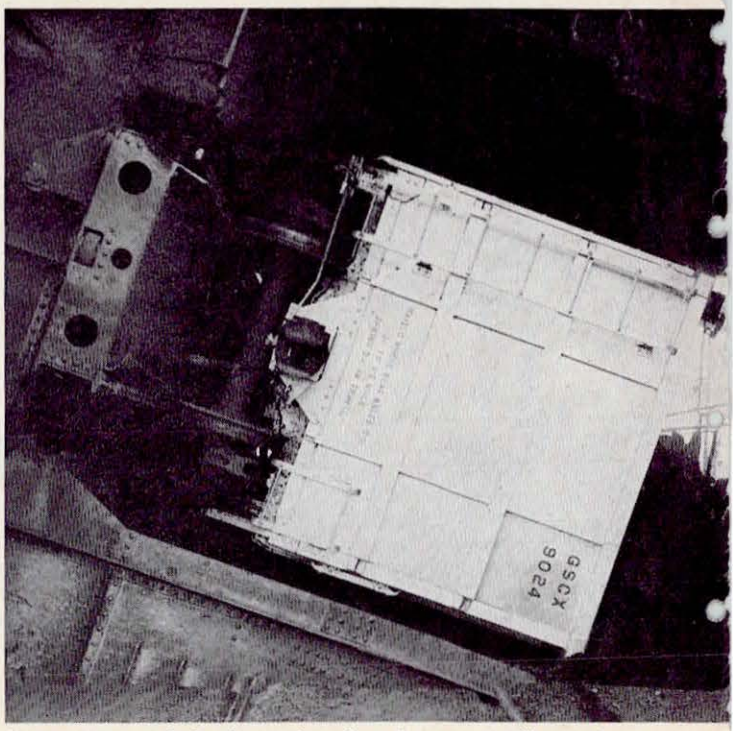


All-aluminum train makes-up at southern Ohio mine for 100-mile run to power plant.



Remote-controlled locomotive spots aluminum cars in rotary dumper.



Cars are uncoupled prior to dumping. A scanner will record car weight, car number, load weight and provide copies for utility, railroad and coal producer.

In a move calculated to reduce its coal costs an estimated 50 cents per ton, a major utility has acquired a fleet of 300 aluminum, high-sided gondolas from Greenville Steel Car Company. The cars will also help the utility solve a coal car shortage.

They will operate as unit trains of approximately 119 cars. The remaining cars will be rotated to obtain maximum car life, allow for routine maintenance, and serve as traveling supply cars between the utility's two plants.

The cars combine an aluminum body with a steel underframe to the best advantage of both metals. The aluminum body is attached to the underframe with special fasteners. A protective coating is used between the steel and aluminum surfaces to prevent electrolytic action.

Inside dimensions of the cars are: height 8' 4¾", width 9' 10", length 47' 0". Capacity is 4,250 cubic feet.

The aluminum car is one of many designs placed in service by Greenville. These cars serve many of the nation's leading power and coal producers. If you're concerned with unit coal train service and would like to know more about Greenville's role, write for the Greenville brochure "COAL GOES UNIT TRAIN."

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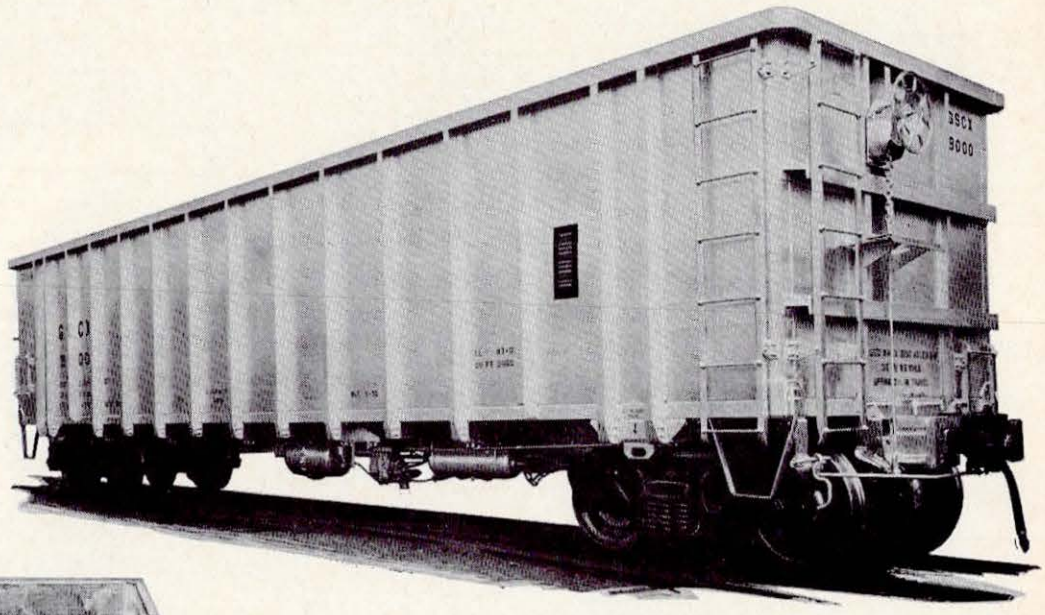
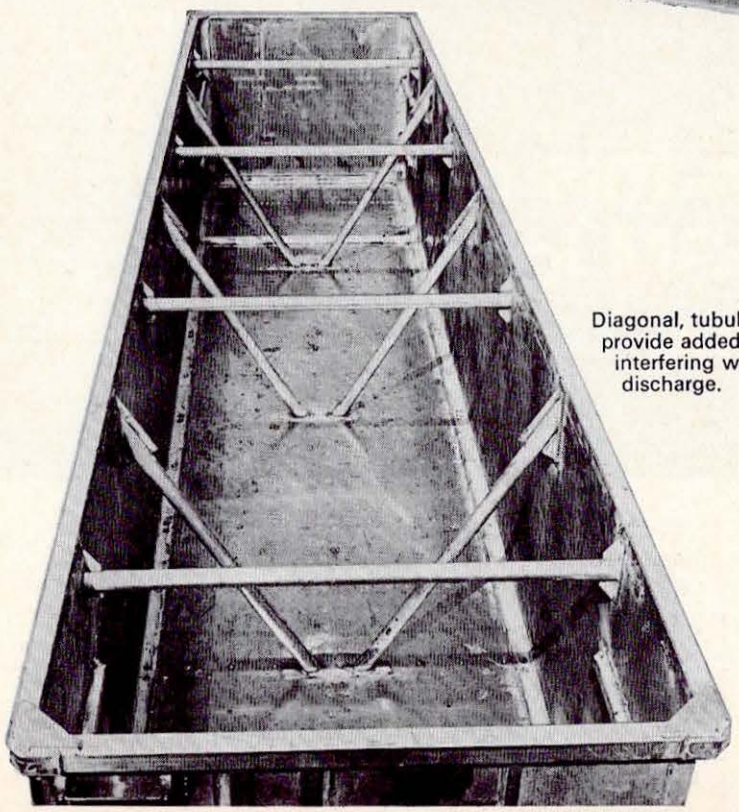


High-sided aluminum gondolas have light weight of 47,000 pounds vs. 63,000 for all-steel car, loading 108 tons against 100 tons in the all-steel design. Cars have a low 80-inch center of gravity but still use basic, standard car design principles.



Diagonal, tubular struts provide added strength without interfering with loading or discharge.

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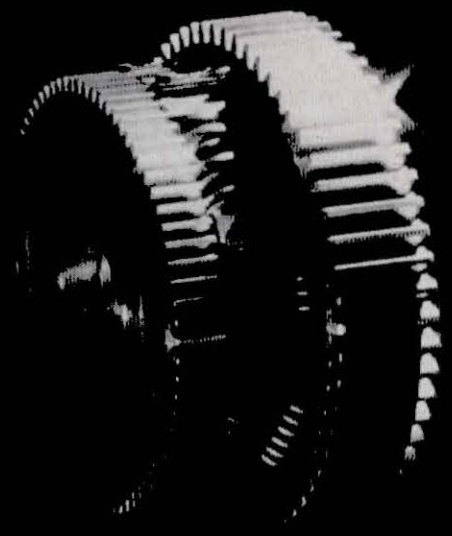

We put springs in this drive gear to make today's GM locomotive even more reliable.

Power-robbing slippage in the turbocharger clutch can be caused by the natural torsional vibration of the crankshaft. If the cam plate oscillates too much, it becomes grooved, and that causes the slippage.

Early in 1971, GM turbocharged locomotives will have a spring drive gear that dampens this vibration.

Our new spring drive gear system has been successfully tested for more than two years.

Electro-Motive engineers keep looking for new ways to make your locomotives work harder with less maintenance. Our spring drive gear is just one example of their success. We aren't satisfied unless your next locomotive is more reliable than the last.

GM
MARK OF EXCELLENCE

Electro-Motive Division
La Grange, Illinois

Circle 21 on coupon page 73

William H. Moore, President of Penn Central, discussing freight revitalization program with Penn Central employee.

"If I didn't think Penn Central was going to make it, I wouldn't have taken the job."

"I want the shippers of this country to know one thing: We need and want your business. And we're going to prove to you that we can give you the kind of service and efficiency you've been demanding."

"We must renew our determination to stick to schedules. I intend to see that our trains run on time. We are determined to restore the confidence of our shippers, win their respect and earn the privilege of carrying more of their shipments."

"The appointment of trustees and the selection of a new president bring no new magic into the picture. The railroad must do a better job than ever before. Fortunately, Penn Central people have better tools than ever before to work with. New yards, among America's finest. Major upgrading of older yards. Many new cars and locomotives. Modernized repair shops. New trackwork machinery. Expanded use of computers. Innovations in marketing. New transportation techniques."

"Everyone who works for Penn Central, regardless of his job, should realize that he is a service salesman. We can sell our service by improving the quality of our own performance, and our teamwork with others."

These are some statements by William H. Moore, the new President of Penn Central Transportation Company, as he traveled across the 20,000-mile Penn Central System, meeting in key locations with employees, shippers, public officials and the press.

You'll hear a great deal more from Mr. Moore.

And Bill Moore wants to hear from you. Each Penn Central freight sales representative is instructed to write a report of every customer complaint so he can personally see it and do something to prevent a recurrence. "I am not going to sit here and listen to shipper complaints for very long," Mr. Moore said. "And that won't be because I'm going to stop listening. It's going to be because shippers are going to stop having reason to complain."

Penn Central is a revitalized railroad. Give us your business. We'll move it.

And that's a promise!

PENN CENTRAL

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Look at it as just another Fruehauf quality product.

Which is another way of saying you're looking at one of the best-built railcars for your money.

Because when we put our name on something, we make sure it's good.

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Add to this our new in-house laboratory that finds and corrects incipient faults during manufacturing, and you've got the most stringent quality control system in the business.

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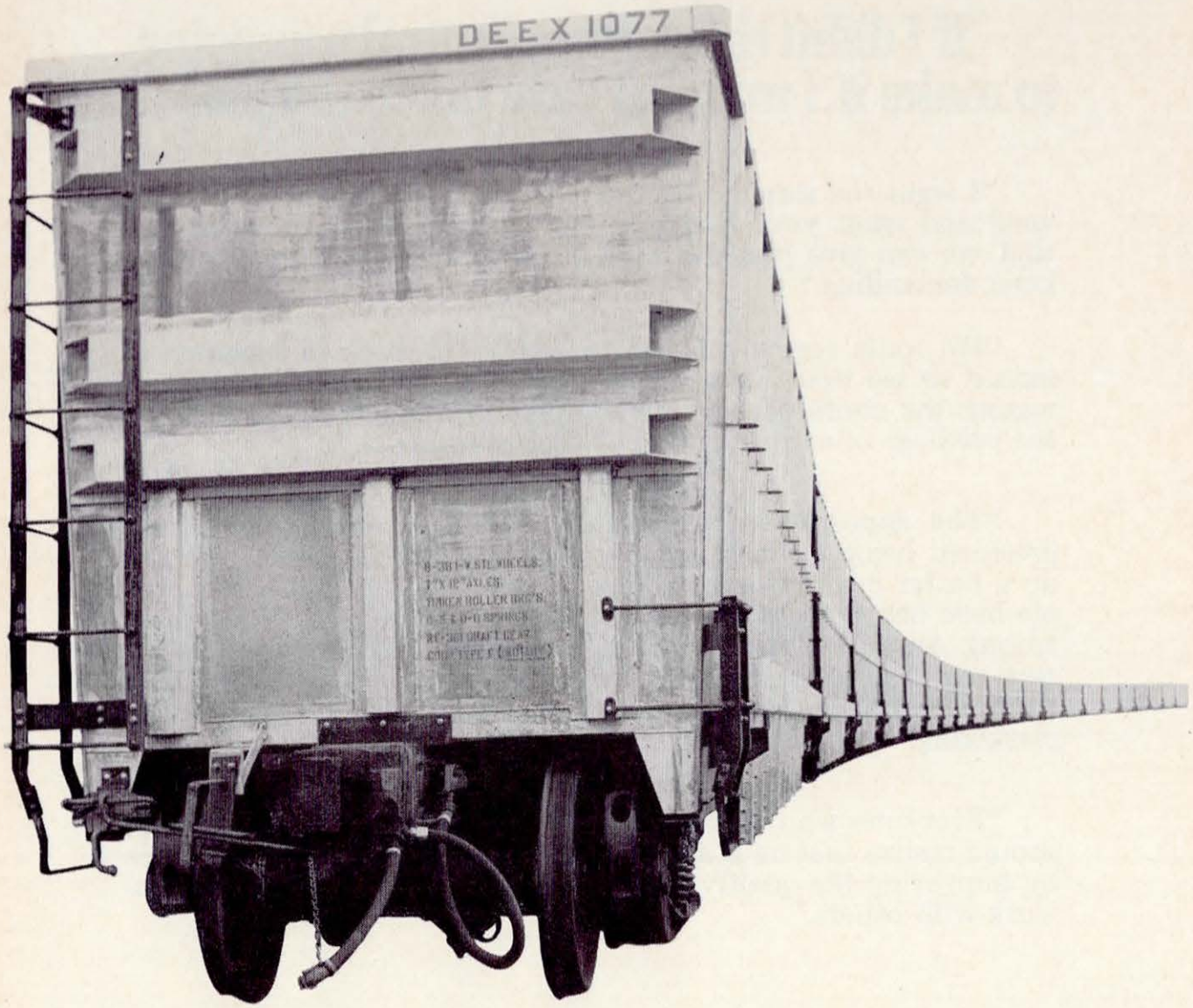
Or call us collect (201) 779-1976. Let us show you what Fruehauf can mean on your next railcar.



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Alco locomotives are still in good hands.

Take a look. There's a new address at the bottom of this ad. We've moved to Springfield, Ohio, to serve you better.

In Springfield we're in ideal position to draw on White resources to help keep Alco locomotives on the road. Running profitably.

Our Alco Products Service Division is fully organized, staffed, and equipped to back Alco equipment. Our three warehouses are loaded with parts ready for fast shipment.

Our people are ready, too. With parts, technical, and service recommendations to see that you receive continued good performance from any Alco product.

If you haven't already heard about our Care Program for your Alco locomotives, it's time you did. Write us at Alco Products Service Division, White Industrial Power, Inc., P.O. Box 5000, 1401 Sheridan Avenue, Springfield, Ohio 45501.

ALCO

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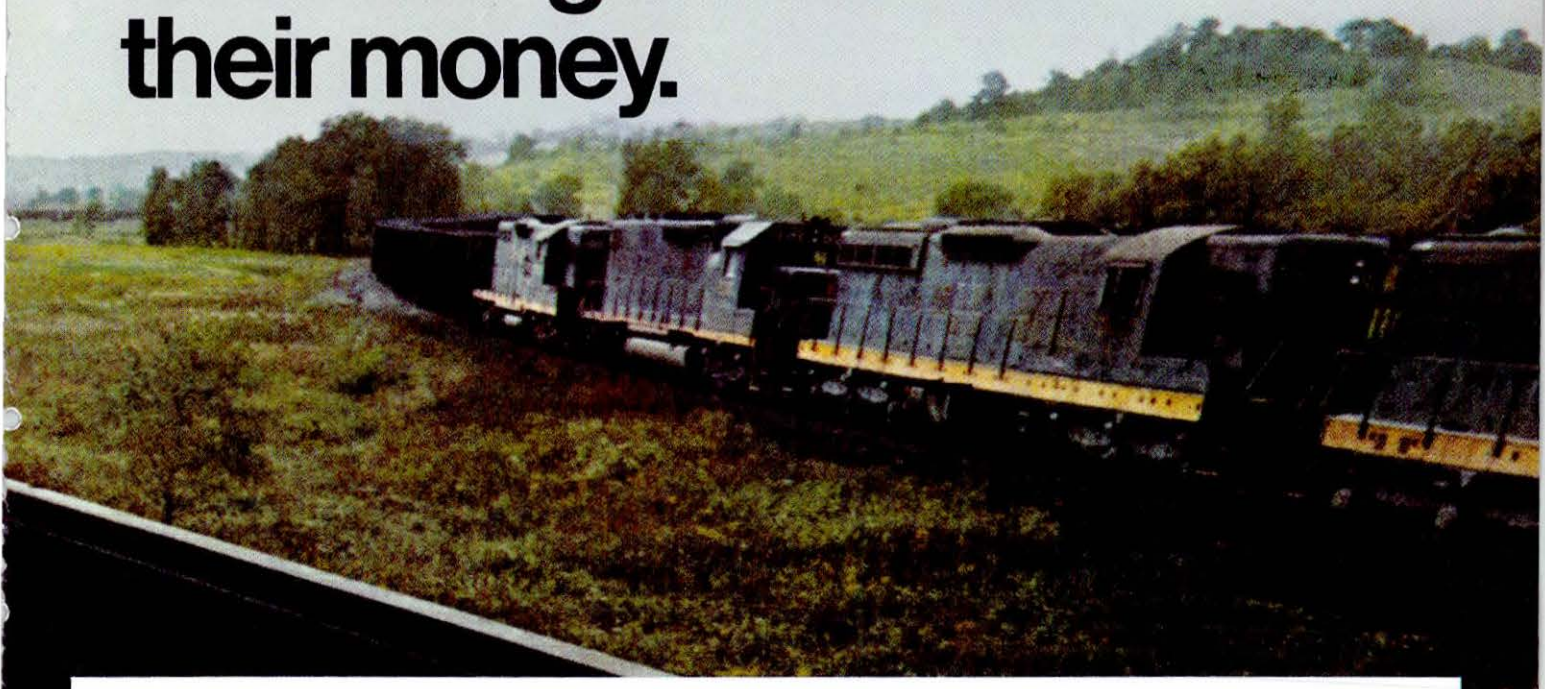
The 4-year verdict on COR-TEN Steel gondolas...

and how U.S. Steel helps railroads get more for their money.



These gondola cars are part of a 202-car fleet with USS COR-TEN A Steel bodies that went into service four years ago.

At that time, using ultrasonic equipment, we measured the original thicknesses of the body sheets in selected cars.

Recently we measured them again, after four punishing years of unit-train service for a major coal company. Here's what we found:

Corrosion loss of the USS COR-TEN A Steel bodies was only *half* what you'd expect from carbon-steel bodies.

This, despite the relatively light weight of the cars and the rugged unit-train cycle (under load two days, empty two or three).

So the builders, the Greenville Steel Car Company, say the cars will not only *attain* their intended service life—they'll exceed it!

We're supplying steel—and good advice—on a lot of other projects important to the railroads: cars, rails, bridges, buildings. If you'd like to talk, phone your USS man or write United States Steel, P.O. Box 86, Dept. 7237, Pittsburgh, Pa. 15230.

New finish fights axle fatigue. Today's higher freight-car weights and speeds increase susceptibility to axle fatigue. We've discovered that a 100-micro-inch average finish—now our standard—fights this fatigue best. (Data on request.)

Bare bridge covers up. Weather, not paint, has been helping this Rio Grande bridge cover itself up ever since the Atchison, Topeka and Santa Fe built it: it's of the high-strength, low-alloy steel that "paints" itself, USS COR-TEN B Steel.

'61 stainless liner still tiptop. Only the dents reveal the age of these quick-emptying, hopper-floor sheets of USS Type 302 stainless steel. Corrosion loss? None. Galvanic corrosion of adjacent steels? Almost nonexistent.

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CP Rail

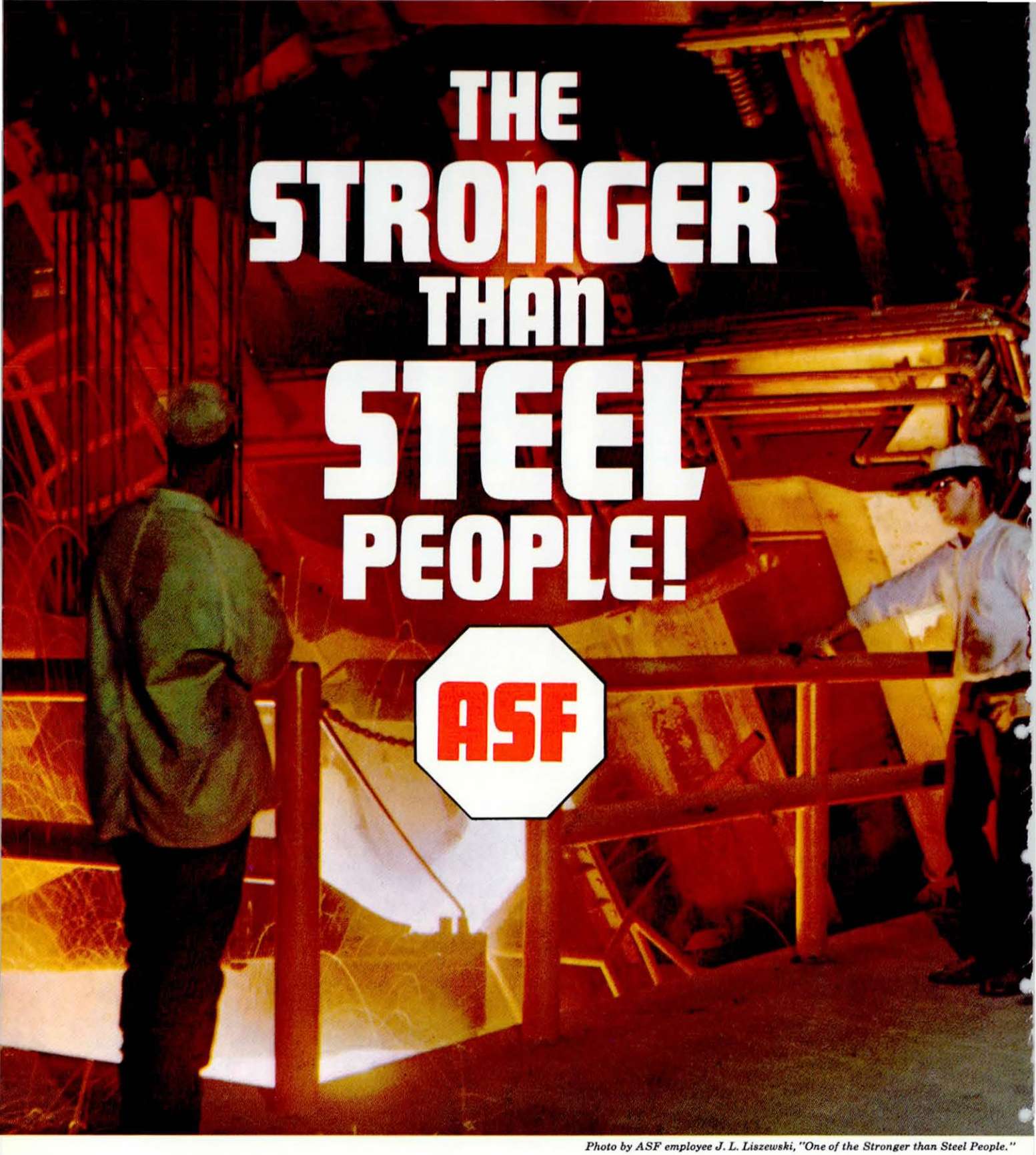

Photo by ASF employee J. L. Liszewski, "One of the Stronger than Steel People."

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The Traffic Poll is especially enlightening, as it enables me to compare my views with others in the profession, and sometimes my views are changed—which is all for the best.

—Harry W. Deck

General Manager
Central Transportation Dept.

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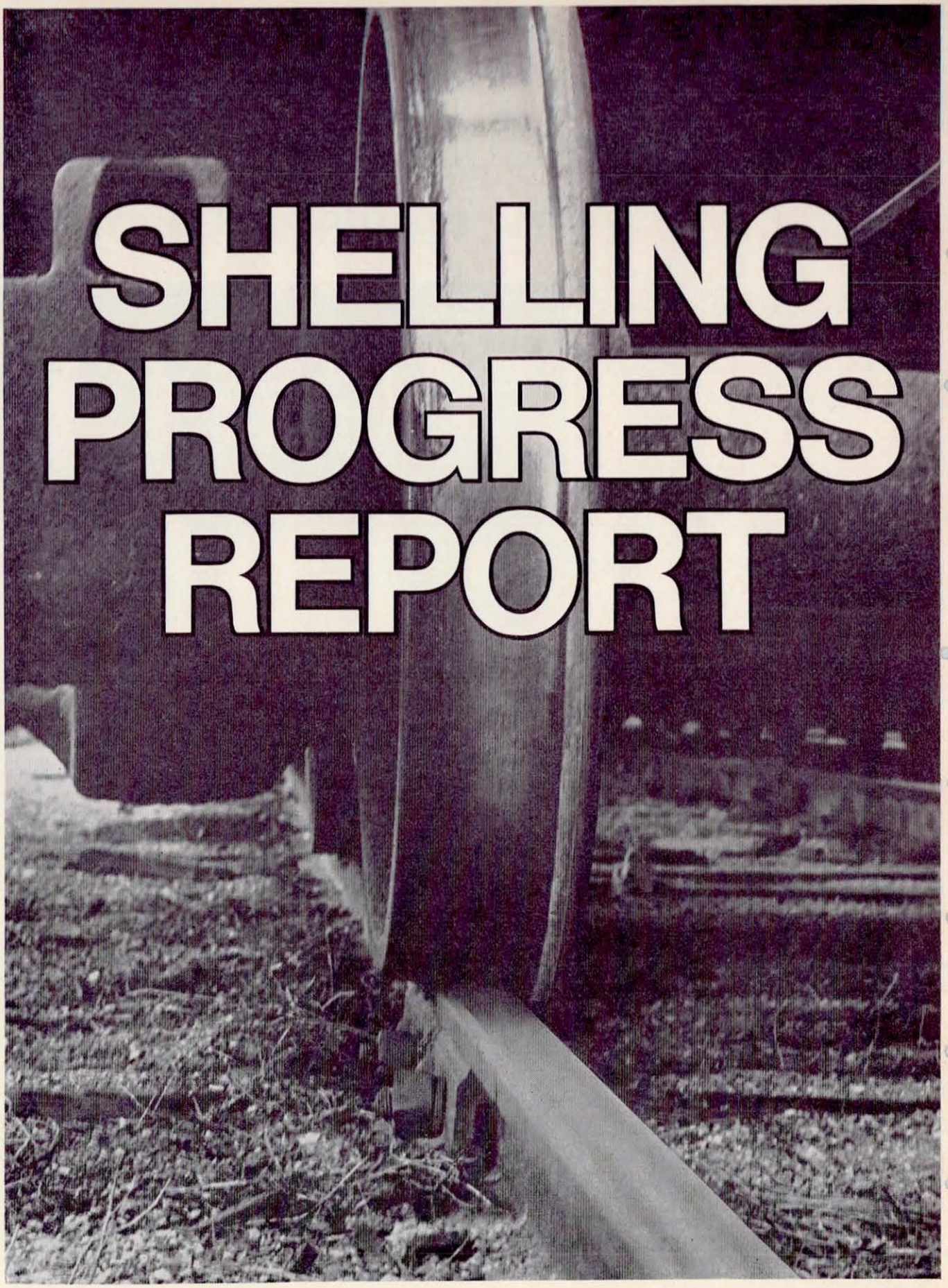
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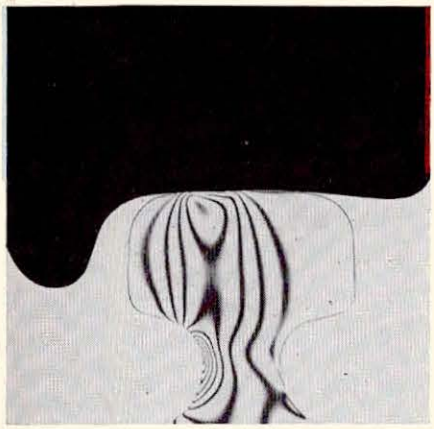
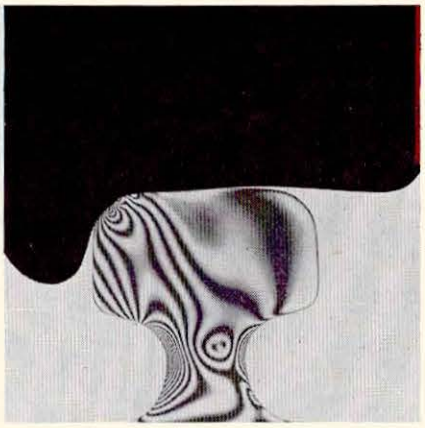
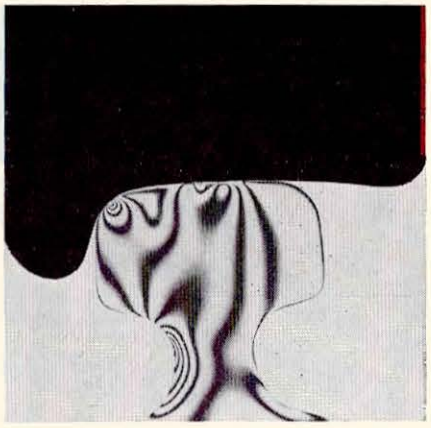


Cross sectional view of rail with stress patterns under normal riding conditions using worn wheel on new tangent track.



Cross sectional view of rail with stress patterns showing small bearing area on curved track section using standard 1:40 tie plates.



Cross sectional view showing use of CF&I Hi-Cant 1:14 ratio Tie Plates on high rail of curved track. Note how stress and wheel bearing area approximate that of standard tangent track.

An additional 2°45′ angle in CF&I Hi-Cant Tie Plate is an answer to shelling

CF&I believes they have provided a solution to the problem of curved track shelling.

The problem is a familiar one — load and other factors as they are affected by wheel-to-rail relationships. As heavily loaded cars enter curves, distribution of stress on the high rail is transferred from a broad bearing area to an extremely small bearing surface on the gauge corner. Too frequently these stresses reach a magnitude where metal slippage or shearing occurs. The shell is born. With it, rail longevity and economy are lost. Safety is impaired.

What the CF&I Hi-Cant Tie Plate does is increase the angle at which the high rail is laid by 2°45′. The net effect is to allow the high rail to present a bearing surface to the wheel that is comparable to that of tangent track.

The result... based on CF&I's testing through 13 major carriers on more than 131 curves is bearing out the contention that *Hi-Cant Plates will certainly delay, if not completely defer shelling on curved sections of track.*

CF&I urges you to judge Hi-Cant Tie Plates for yourself. Ask us about it today.

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Circle 28 on coupon page 73

TRAFFIC POLL

"TOFC traffic will double in five years"

Despite a generally favorable attitude toward piggyback, many Poll respondents cite shortcomings which must be eliminated.

Piggyback service is a big favorite with industrial traffic managers. In general, shippers queried for the Railway Age October Traffic Poll say that, despite its imperfections, piggyback continues to be the best of the available alternatives for traffic men.

When business begins to climb out of its present slump, responses to the Poll indicate, piggyback loadings will start to rise (RA, Oct. 26, p. 42).

This is the second part of the Poll report on shipper attitudes toward piggyback and its future.

● **Double in five years.** "I feel TOFC movements will double within the next five years," says W.N. Inman, corporate transportation manager, Firestone Tire & Rubber Co., Akron, Ohio. "Increased costs via truck lines—due not only to freight rate increases but also to higher charges for accessorial services and restrictions of routes, etc.—are causing many shippers to start using TOFC."

Inman adds: "For container-on-flat-car movements, U.S.A. and foreign ports are being modernized and enlarged. The steamship lines are placing a considerable number of new containerships into operation. COFC movements will likely triple within the next five years. Prompt, reliable movement of TOFC/COFC loads at rates below truckload rates will increase TOFC/COFC movements."

How would you like to do 40% of the work for only 14% of the pay?

See the back cover

A word of warning is sounded by Miles F. Tamisiea, general traffic manager, Theo. Hamm Brewing Co., St. Paul, Minn.

"The rail carrier marketing and service must certainly improve before traffic can be added to TOFC operations," Tamisiea says. "The marketing concept today—as it has been in the past—is to meet motor common, or contract, carrier rates. The railroads forget about the difference in service (rail being slower). If rates were lower they would have a better chance of securing tonnage which is now moving via common or contract motor carrier. Most important, however, is the capturing of private carrier movements."

● **The rate factor.** "On several occasions I have asked a railroad to establish a reasonable rate on a new movement, with the understanding it would get the traffic," writes T.L. Gragg, director of materials management, American Enka Co., Enka, N.C.

"The rates they prepare are so out of line," he continues, "that we are forced to go to the motor carriers. When the motor carriers publish a rate 25 cents to 40 cents per hundred below the trailer-on-flat-car rate, then they get the traffic. The railroad then comes back and says it will be competitive.

"Why don't the railroads wake up?" Gregg asks, "because when they do what I've outlined it is too late to get part of the tonnage."

● **More flexibility wanted.** The Brunswick Corp. and its many divisions are heavy users of TOFC/COFC service, writes G. Wyngarden, Brunswick's corporate director-transportation, either through independent movement or through shippers' associations.

"We feel," says Wyngarden, "that there should be even greater flexibility offered to the shipping public than exists today. We advocate the publication of single trailer mix and no-mix rates Plan II½ within, to, from and between points in Western Trunk Line, Southwestern Line and West Coast areas such as currently exist today within and from and to Official and Southern territories. Also between Official and Southern territories and those previously mentioned.

"We feel this would offer the shipping public greater flexibility and would encourage greater volume of movement in this kind of service and open the door to additional tonnage for the railroads."

● **Service is the key.** Among those Poll respondents who forecast expansion in their TOFC/COFC volume is A. E. Leitherer, vice president-traffic, Allied Mills, Chicago. The expansion

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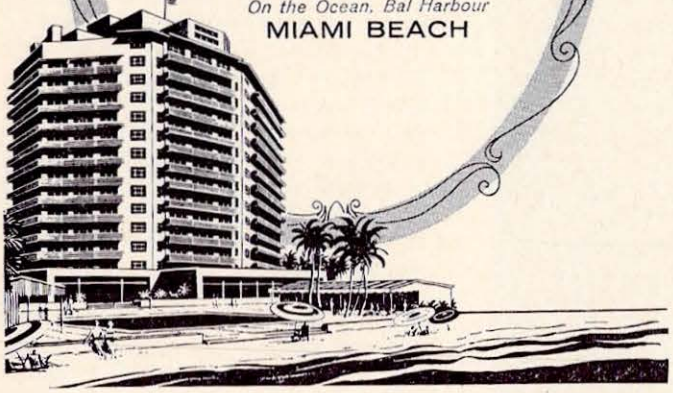

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Midwest utility with 5½ million ton annual rail and lake coal traffic seeks individual to assist coal buyer in area of transporting coal and oil. Will deal directly with railroads and other carriers on matters of tariffs, rates, schedules, etc. Must be very knowledgeable of unit train and volume shipment rate structures.

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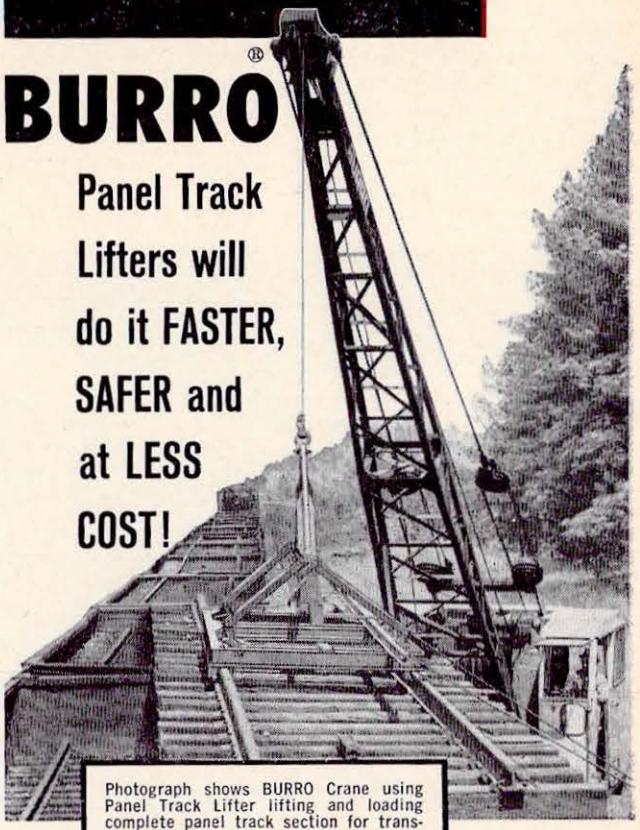
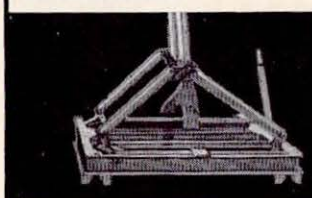


Photograph shows BURRO Crane using Panel Track Lifter lifting and loading complete panel track section for transfer to new location.



Lifter is ideal for use with crane in track raising operations where track must be raised 6" or more above ballast.

Saves time and manpower —only one man is required to guide, position and latch the Lifter.

Special Lifter design prevents rails from squeezing in toward center when load is picked up. Panel track is gripped securely, held safely and squarely without sag. Releasing the load is completely automatic.

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Circle 27 on coupon page 73

will come, says Leitherer, through both normal growth of Allied Mills' business and by converting to TOFC/COFC traffic now moving by other means.

"Reliable, consistent service" is cited by Leitherer as a most important factor in his company's decisions about choosing a mode of transport. On-time schedules are a must, he emphasizes.

"At present," Leitherer says, "we utilize only COFC in the movement of dog food in export service to Japan. These containers are furnished to us by the Santa Fe and undoubtedly are the property of the ocean carrier. It is our opinion this particular business will grow, inasmuch as we have added a canned wet-process dog food line in recent months. We have also acquired a horsemeat-packing operating and are using containers in the movement of this product in export service to Europe. Some of this business, at present, is moving in connection with contract motor-carrier operation. We would undoubtedly consider utilization of rail service, provided it were on an on-time basis. Prior efforts in this direction resulted in missed schedules for ocean liners, and in serious delays, often causing deterioration of the product, which could then not be exported."

● **Opportunity for rails.** Allied Mills is also in the poultry-processing business, Leitherer adds, "and it is in this area where I feel there is a great possibility of greater expansion in TOFC, again, provided that we had regular, maintained shedules. One of our turkey-processing locations is provided with tri-weekly service by rail and, of course, this does not prove satisfactory. It is in this area we have had some discussions with the carriers regarding TOFC for movement of this product to eastern destinations. We are at present shipping some carload to these same destinations, but of course are hampered because of the tri-weekly service and the need for refrigeration. With a consistent, economical service, it would be possible to convert to TOFC service to the satisfaction of most customers. Again, here the key words are consistent service.

"I think there are many opportunities for the rail lines to regain traffic, provided they would establish a suitable and consistent service, such as existed when they were handling the lion's share of refrigerated products . . . I started out in transporation in the perishable-products field and well recall the consistency of the service wherein the rail lines—comprised of many short-line connecting roads—gave us consistent second-morning service from Chicago to New York and third-morning service from Chicago to Boston . . . Now that we have a lesser number of lines, even though we have an increased truck competition, we are favored with possibly the worst service in the history of railroading.

"I know the volume of freight is necessary for the service, but I also recall that trains were dispatched on time, they were of shorter length and more frequent schedules. In this day of merged lines, it would seem to me that more frequent sailings with shorter trains would provide again an on-time service which would soon recapture much of the lost freight for the rail lines."

● **Rates—and service.** Several Poll respondents mention lower rates, as well as improved service, as requirements for attracting their business to TOFC/COFC. Among them are R. L. Andreas, director of purchasing and traffic, American Oil Co., Chicago; A. V. Krone, manager of transportation, Ashland Chemical Co., Houston, Texas; and E.B. Kelsey, assistant traffic manager, Container Corp. of America, Carol Stream, Ill. ■

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Circle 33 on coupon page 73

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Circle 34 on coupon page 73

People in the News

BANGOR & AROOSTOOK.—Hugh G. Goodness, manager of pricing and divisions, named general freight traffic manager, succeeding **Leslie W. Wentworth,** retired after 33 years with the BAR.

BURLINGTON NORTHERN.—Raymond J. Strecker, assistant vice president pricing (special services), St. Paul, named assistant vice president pricing (Pacific Coast), Seattle.

In the BN operating department, **R. E. Anderson** named assistant to vice president operations, St. Paul. **R. D. Pedersen** appointed assistant general superintendent, transportation and **C. K. Keck,** manager, coal service.

In the industrial and economic development department, **J. H. Ilkka** named manager-sales, purchases and special projects; **D. B. Heath,** manager-contracts; **E. W. Riebow,** regional manager-industrial development, Twin Cities region.

In the marketing department, **E. G. Berg** named area sales manager, San Francisco, to succeed **G. W. Stone,** who retired Sept. 1 after more than 42 years of service. **H. P. Marshall** becomes area director-sales and service, Denver, to succeed **E. B. Burnside,** who retired recently after more than 47 years' service. **J. C. Moore** appointed area sales manager, St. Paul, to succeed **R. S. Brown,** who retired Nov. 1 after more than 46 years of service. **J. Roger Peterson,** sales manager, Denver, promoted to area sales manager there, succeeding **Alex G. Hildebrant,** named general sales manager-distribution services, St. Paul.

The BN has formed a coal and ore division. **Thomas C. Kryzer,** director, industry marketing, named assistant vice president, coal and ore, to head the new division. **G. R. Powe,** assistant vice president, coal and coke, appointed assistant vice president-sales-coal and ore. **E. L. Kubiak,** director-cost analysis, becomes director, cost control. **C. H. Bruha,** manager-pricing-fuel and ore, named director-pricing-coal and ore. **R. S. Sandgren,** manager-pricing, appointed manager-pricing-coal and ore, and **J. H. Gaines,** assistant supervisor-pricing analysis, named pricing analyst. **J. D. Dickson,** market manager-ore and metal becomes director-project development and planning. **K. J. Stevens,** assistant to market managers, named marketing assistant.

CANADIAN NATIONAL.—Ainslie Kerr, assistant director of public relations, Montreal, promoted to general manager, public relations there.

J. F. A. Levasseur, manager station and sales services, passenger sales and services, Montreal, appointed regional manager passenger sales and services, St. Lawrence Region, succeeding **C. A. Fugère,** promoted.

W. F. Humphreys, assistant branch manager freight sales, Regina, Sask., appointed freight sales manager, Thunder Bay, Ont.

CANADIAN PACIFIC.—D. Danyluk appointed assistant engineer of track, Montreal.

CANADIAN TRANSPORT COMMISSION.—Roy M. McIntosh, assistant chief signal engineer, appointed chief signal engineer, succeeding **M. M. Stonehouse,** retired. **H. H. Blakney,** signal engineer, succeeds Mr. McIntosh as assistant chief signal engineer.

CHESAPEAKE & OHIO-BALTIMORE & OHIO.—A. R. Carpenter named trainmaster, Chicago, to succeed **W. A. French,** promoted. **W. E. Ramsey** appointed general agent, **C&O,** Chicago, to replace **H. D. Meade,** resigned.

CHICAGO & NORTH WESTERN.—Will D. Selman, director of freight damage administration, named assistant vice president of the accident and loss prevention department.

Robert W. Christie, assistant to vice president-sales and marketing, Chicago, named regional sales manager, Denver. **David G. Weishaar,** sales administrator, succeeds Mr. Christie.

Curtis D. Ramlet, assistant manager of tariff publications, named manager of tariff publications.

Raymond K. Merrill
Milwaukee

Walter H. Pogue, Jr.
Berwick Forge

ERIE LACKAWANNA.— Austin V. Cannon appointed assistant to director of research, Cleveland, Ohio.

FLORIDA EAST COAST.— W. A. Adams appointed manager, sales and service, Hialeah, Fla. **D. E. Marlow** appointed sales manager—rail highway, Atlanta, Ga. Position of sales manager—rail highway, Miami, Fla., abolished. **William N. Greenwood** and **K. E. Williams** named regional managers, sales and service, at Hialeah and Fort Lauderdale, respectively.

FRENCH NATIONAL RAILROADS—Allan Norlem appointed eastern regional manager in the United States, at New York. He will be in charge of the Traffic Department and of all contacts with travel agents. Mr. Norlem was formerly general repre-

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Abex manganese body center plates give longer service- and that saves you money.

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Because they're cast in manganese steel, with a yield strength 40 per cent greater than Grade B steel, a tensile strength 70 per cent greater and elongation 65 per cent greater. This means our plates are stronger ...not subject to cracks encountered around the bowl with conventional center plates.

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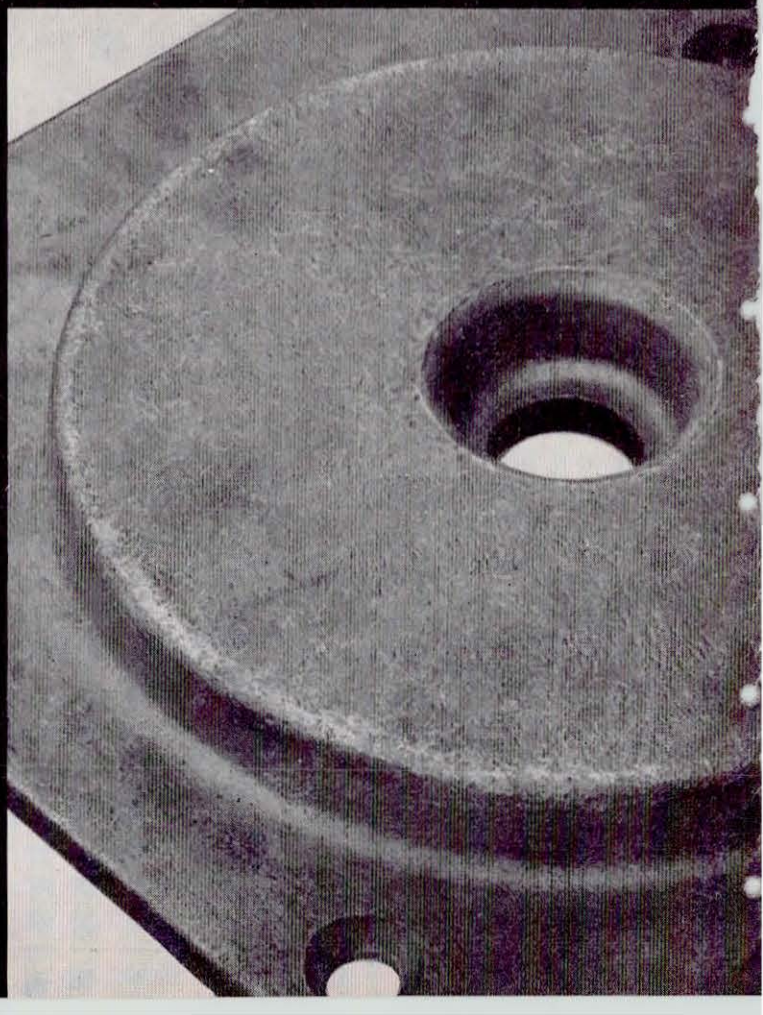
Abex manganese steel is self-lubricating and polishing. Results in less wear in the as-cast bolster seat. Provides a smooth surface for free swiveling. Abex center plates are a simple, effective way to upgrade new and rebuilt cars.

Abex has AAR interchange test authority for 1,000 car sets. Plates are available now in a variety of patterns. For further information, get in touch with your Abex representative.



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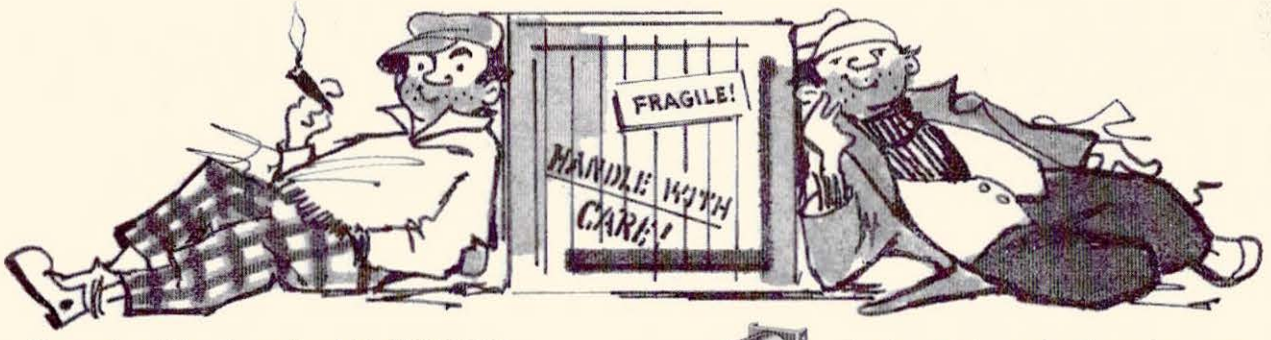
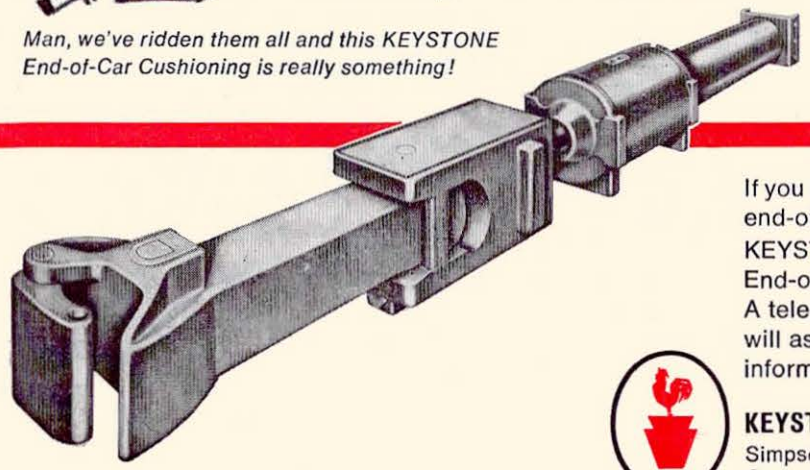
Talk about a sure thing and a real soft touch...



Man, we've ridden them all and this KEYSTONE End-of-Car Cushioning is really something!

You know I almost slept through my stop because I didn't feel 'em switching!



If you are considering reliable end-of-car cushioning, investigate KEYSTONE SHOCK CONTROL End-of-Car Cushioning Units. A telephone call to 717-761-3690 will assure you of getting complete information, prices and delivery.

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Camp Hill, Pennsylvania 17011

Sales Offices: San Francisco, California • Chicago, Illinois • St. Paul, Minnesota • St. Louis, Missouri • Omaha, Nebraska New York, New York • Philadelphia, Pennsylvania • Springfield, Virginia • Montreal, Quebec, Canada • Mexico, D.F.

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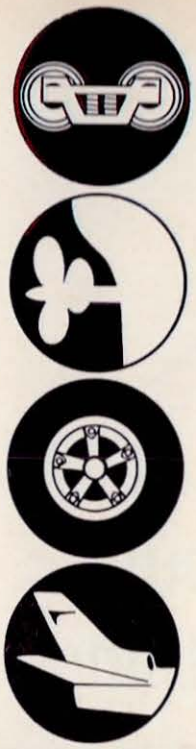

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Intermodal Transportation Systems, Inc. is finding new ways to make your profits grow.

We're a young company with experienced management. Creative equipment and systems financing, unitizing expertise, computer technology, systems analysis and solid business sense are the basic "profit multipliers" you benefit from. 1. Special railroad trailer leasing program; long-term, intermediate and open-end leases; 100% damage and tire protection; interchange income retained by lessee; unique agency pool arrangement. 2. Special marine container leasing program; unique operator-controlled pool plan; prime contracting responsibility for new equipment; containers and chassis tailored to the operator's needs as well as the shipper's maintenance and repair services. 3. Equipment/soft-ware leasing for transportation terminal control systems with "turn key" responsibility, utilizing ACI or specially developed devices. To learn more about how we can help your profits grow, contact:

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Circle 30 on coupon page 73

sentative, **Scandinavian State Railways** in New York and a member of the Eurailpass Executive Committee.

GULF, MOBILE & OHIO.—Kenneth E. Litton, division freight representative, Tuscaloosa, Ala., promoted to division traffic manager, Meridian, Miss., succeeding **C. Y. Hall,** promoted to manager—special equipment, Mobile, Ala. **E. B. deVilliers, Jr.,** succeeds Mr. Litton.

ILLINOIS CENTRAL.—Scott B. Harvey named executive director for IC's JOBS Commission. Mr. Harvey was formerly, labor economist, **Department of Transportation.**

Dan S. Bechly, engineer of bridges, appointed assistant chief engineer structures, in charge of the building and bridge departments. **I. G. Forbes,** engineer of buildings, resigned.

LOUISVILLE & NASHVILLE.—David F. Jones, director, piggyback traffic, appointed assistant vice president-intermodal traffic. **Curry E. Thomas,** manager, piggyback sales named director, intermodal sales. **Darace M. Pedigo,** manager, piggyback rates, becomes director, intermodal pricing. **L. R. Worley,** staff assistant, named assistant manager, intermodal operations-traffic. All will have headquarters in Louisville. **Paul W. Hansell,** district piggyback representative, Memphis, named sales representative. **David R. McPipkin,** traffic representative, Louisville, succeeds Mr. Hansell. **J. L. Street, Jr.,** freight traffic agent, Memphis, retired recently after more than 26 years' service. Also headquartered at Louisville, **F. R. Whitman,** manager, piggyback operations-traffic, named manager, intermodal operations-traffic; **R. F. Summerville,** manager, piggyback service and equipment, appointed manager, intermodal service and equipment; **A. Thomas Basham,** assistant manager, piggyback rates, appointed assistant director, intermodal pricing; **John L. Blair,** assistant manager of piggyback sales, named assistant director, intermodal sales; **Harriet L. Howard** named automobile-equipment distribution coordinator.

MILWAKEE.—Raymond K. Merrill, general solicitor, elected vice president-law, to succeed **Edwin O. Schiewe,** vice president and general counsel, who retired recently after more than 29 years' service. **James P. Reedy,** general solicitor, elected general counsel. **Roland W. Spangenberg,** corporate counsel, elected general solicitor. All will have headquarters in Chicago.

James A. Jakubec, assistant to vice president-operation, Chicago, retired Oct. 31 after more than 50 years of service.

MISSOURI PACIFIC.—E. G. Burwell named assistant district superintendent stations and claim prevention, Western District, Kansas City, Mo.

MISSOURI PACIFIC-TEXAS & PACIFIC-CHICAGO & EASTERN ILLINOIS.—M. T. McClatchy, assistant superintendent cars, retired Sept. 30 after more than 45 years of service.

How would you like to do 40% of the work for only 14% of the pay?

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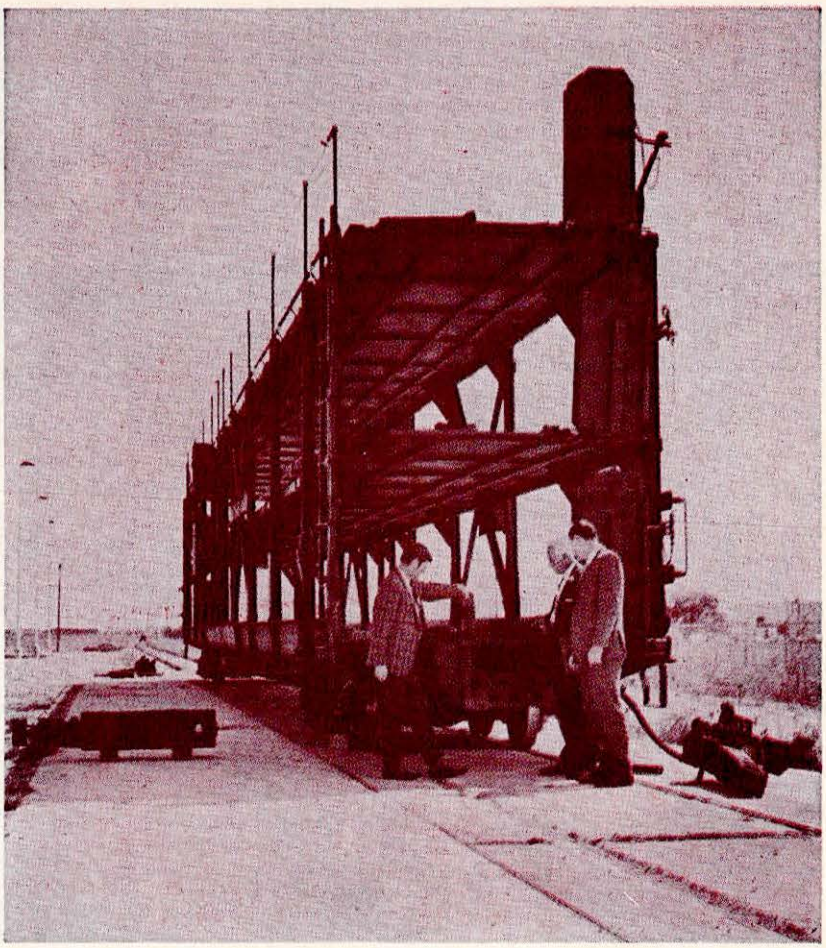
After over 7 years and 700,000 miles, FreightMaster Cushioning Units still maintain like-new performance.



After 7 years of service life—and, over 700,000 grueling miles—the FreightMaster® end-of-car cushioning units in a Trailer Train Tri-Level Rack Car were removed for a detailed examination.

After opening the units, every component was carefully calipered with micrometers or gauges to determine if there was wear that could affect performance.

There was none. The FreightMaster cushioning units, even after this extensive service period, were as good as new. In fact, the components will be re-installed to start again to provide high levels of protection for both car and cargo.

Records show that there was no major maintenance problems with these FreightMaster cushioning units. With nothing more than routine service, the equipment illustrated the inherent durability and reliability afforded by FreightMaster's exclusive design.

Experience indicates that this combination of minimum maintenance and maximum performance is not unusual. Independent experts feel that most FreightMaster equipment in standard service is not likely to require major maintenance within a 10-year life span or more.

Today's FreightMaster cushioning units are designed to the same high quality and performance levels that made this 7-year veteran a real winner for both the car owner and the shipper.

Contact FreightMaster for complete details on how your new or old cars can join the winning side, too.

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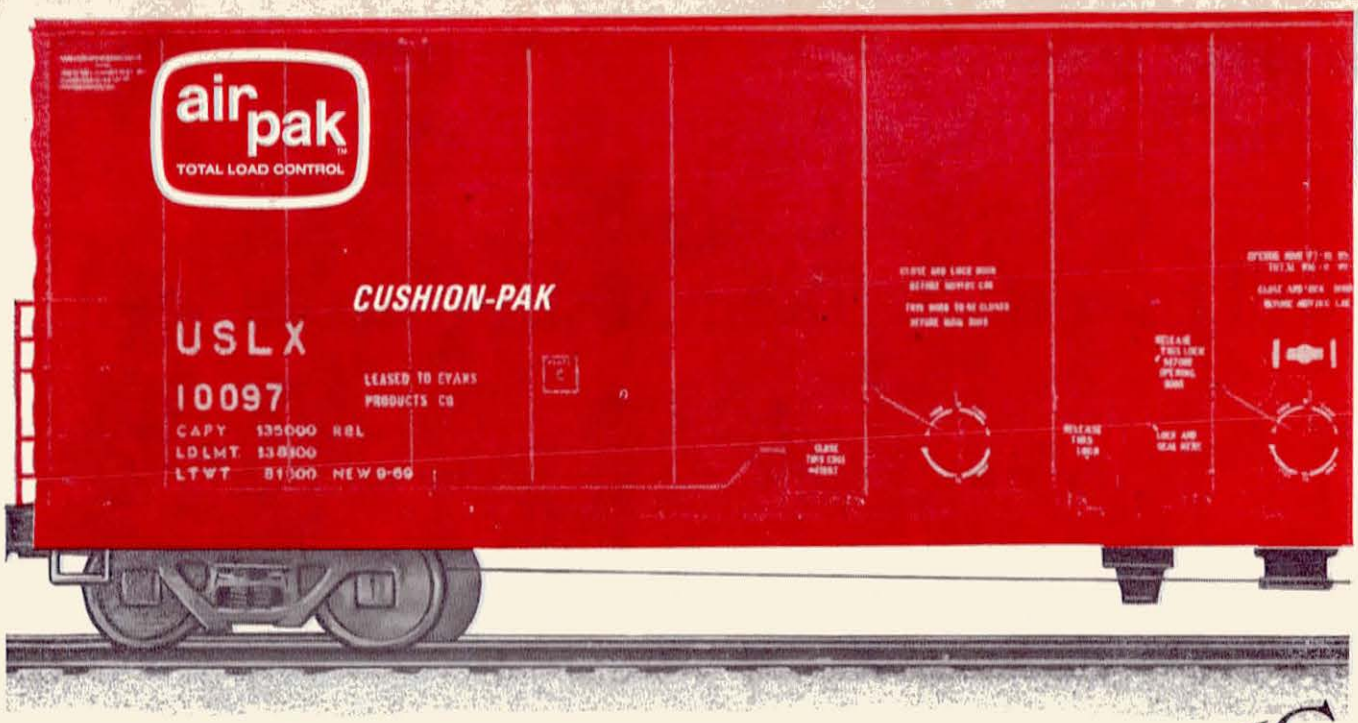

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At United States Railway Equipment Company we think of the freight cars we lease and sell as Profit Protection Centers. Why? Because when you lease cars from us they're right for your shipments, available when needed, in tip-top condition, and with ownership and maintenance costs paid by us. (Compare this with "Finance Lease Only")

We offer many programs for leasing Profit Protection Centers. A constantly refilled pool of more than 500 today-available insulated boxes with 16-foot double plug doors, with cushioning and with or without bulkheads. Split lease sharing of cost and usage. Buy-rebuild-leaseback. Special bright idea cars for special situations. And we handle maintenance programs that keep fleets in Profit Protection Center condition.

If your rail transportation procedures are eating into, instead of adding to, your ROI, we suggest you have a talk with us.

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NORFOLK & WESTERN.—John R. McMichael, assistant vice president-planning, Roanoke, appointed assistant vice president—pricing and marketing.

Mark D. Gibson, district coal and ore traffic manager, Roanoke, appointed assistant director-international coal and ore traffic, New York, and has been succeeded by **William A. Snyder,** coal and ore traffic representative, Roanoke.

E. W. Nixon, general manager equipment, Roanoke, appointed general manager service and equipment.

R. L. Beavers, Jr. appointed superintendent, Chicago Terminal division, succeeding **A. B. Harris, Jr.,** transferred. **W. P. Wolfe, Jr.** named trainmaster, Chicago Terminal division, Chicago.

A new department—Operations Planning—will be headed by **William T. Ross,** with the title of assistant vice president-operations planning. He will be assisted by **C. Van Holton,** general manager-operations planning. Others on the staff: **W.E. Zieber, L. M. Newton, W. J. Watson, Jr.,** and **A. W. Hochberg.**

PENN CENTRAL.—Ralph N. Cramer, Sr., regional sales manager, Chicago, appointed assistant vice president—freight sales, succeeding **John G. Patten,** retired after 36 years of service.

Robert K. Pattison, general superintendent of transportation, Metropolitan Region, New York, named to the newly created position of director—administration, Western Region, Chicago.

In an organizational realignment to separate operating and staff functions, Central Region, Pittsburgh, **Bert L. Strohl,** assistant general manager, named assistant general manager—operation, and **David E. Pergrin** named director—administration. Mr. Pergrin was formerly director of industrial engineering, Philadelphia. **Gary B. Fink,** manager, internal audit, **H. K. Porter Co.,** named regional controller, PC, succeeding **Lee P. McLaughlin,** named director—operating management controls—system, Philadelphia. **John Metil, Jr.,** assistant superintendent—labor relations and personnel, named superintendent—labor relations and personnel, succeeding **Dwight L. Moore,** retired after 42 years of service.

John G. Befus advanced to transportation superintendent, New Haven Division, succeeding **David A. Fink,** appointed superintendent, New Haven Division, replacing **Joseph F. Spreng,** named general superintendent, Metropolitan Region, New York.

PITTSBURGH, & LAKE ERIE.—G. E. Neuenschwander, general counsel, Pittsburgh, Pa., named vice resident and general counsel. **R. P. McConnell,** general auditor, appointed comptroller. **A. C. Hardies, Jr.** assistant general auditor, appointed assistant comptroller. **R. W. Packer,** assistant treasurer, named treasurer.

REA EXPRESS.—Tom Kole, president and chief operating officer, elected to the additional post of chief executive officer, succeeding **Spencer D. Moseley,** who retains his position as chairman of the board.

SANTA FE.—John W. Barriger IV appointed assistant to president-staff studies and planning, Chicago.

E. G. Gilmer named regional engineer, Los Angeles.

SOUTHERN.—Robert S. McGaughey appointed general manager—transportation, Atlanta, Ga. He was formerly general superintendent, Train Operation, Control and Coordination Center, Atlanta.

SOUTHERN PACIFIC.—Paul V. Garin, assistant chief mechanical officer of engineering, named assistant vice president-research. **William R. O'Neill,** assistant to the chief mechanical officer, appointed administrative assistant to the vice president of engineering and research.

William O. Brown, assistant chief mechanical officer-maintenance, San Francisco, appointed chief mechanical officer-system there, to succeed **Frank E. Russell,** retired. **Theodore O. Siegmund,** superintendent of the mechanical department, Los Angeles, promoted to assistant chief mechanical officer-engineering, San Francisco, succeeding Mr. Garin. **Lewis H. Sultan,** assistant superintendent of the mechanical department, Los Angeles, advanced to assistant chief mechanical officer-maintenance, San Francisco. Mr. Siegmund's successor is **Hollis A. Henderson,** assistant superintendent of the mechanical department for SP lines in Texas and Louisiana, Houston. **Michael Gogol,** chief mechanical engineer, San Francisco, replaces Mr. Henderson. **Elvis I. Norman,** superintendent, Sacramento general shops, succeeds Mr. Sultan, and in turn is succeeded by **Chance E. Gable,** mechanical production planner, Sacramento. Mr. Gable's successor is **Richard E. Maupin,** assistant master mechanic, Western Division, San Francisco, who in turn is replaced by **James H. Morrissey,** general foreman, Los Angeles. **Peter A. Seller** special assistant in the mechanical department, San Francisco, advanced to manager of budget control for the department. **Antonio L. Chavez,** special representative, mechanical department, San Francisco, succeeds Mr. Seller, and in turn is succeeded by **David W. Kniefel,** senior systems associate, systems research, San Francisco.

WESTERN PACIFIC.—William D. Hawkins appointed district sales manager, Cincinnati, to succeed **Robert B. Ritchie,** who retired Oct. 31.

SUPPLY TRADE

Walter H. Pogue, Jr., has been named president of **Berwick Forge & Fabricating Division, Whittaker Corp.,** Bewick, Pa., succeeding **Alfred H. Catterall,** who retired Nov. 2. Mr. Pogue was formerly executive vice president and general manager.

Ralph H. Miller has been named railroad sales administrator, **Jackson Vibrators, Inc.,** with headquarters in Chicago. He was formerly assistant division engineer, **Penn Central,** Fort Wayne, Ind.

David Steinberger has been named midwest regional sales manager, **Freight**

How would you like to do 40% of the work for only 14% of the pay?

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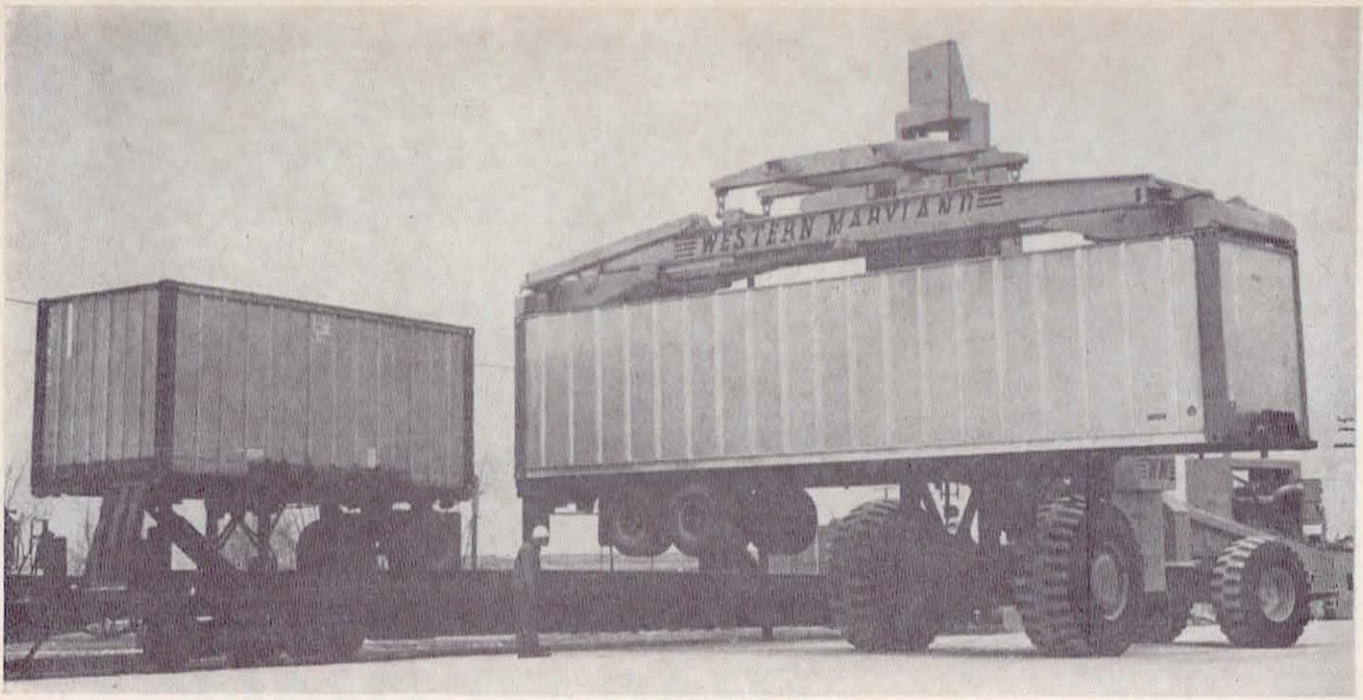
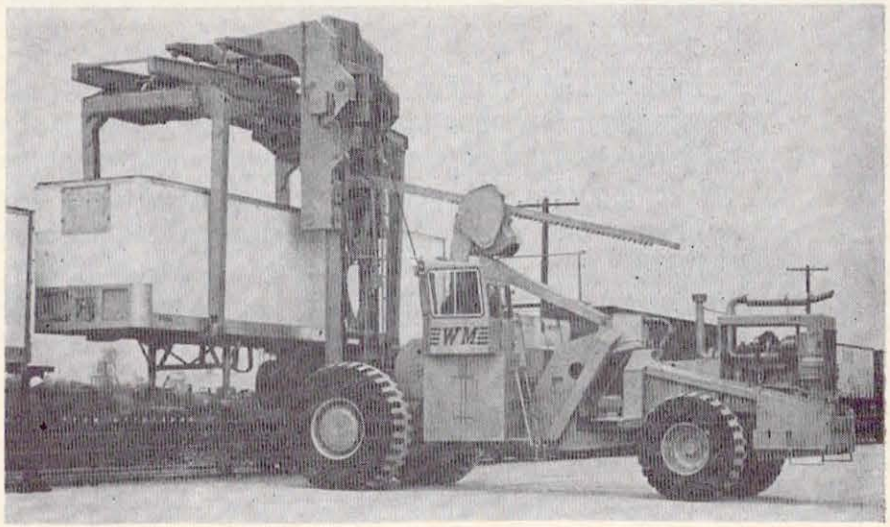


NOW... Western Maryland serves you 75% FASTER

Western Maryland's new, mobile Side Porter cuts trailer and container transfer time from 8 minutes to 2 minutes at our Baltimore port terminal. . . . . The powerful, diesel-electric Side Porter — a LeTro 2682 — will top or bottom lift trailers or containers (up to 40 ft. long) off customer transport, load them flush on a Western Maryland piggyback car in an astonishing one-quarter of the time required by conventional methods. . . . . And that time saved is your money saved: your freight moves faster, more economically, safely . . . through the terminal and to its destination via Western Maryland, your shortest link between the East and America's industrial heartland.



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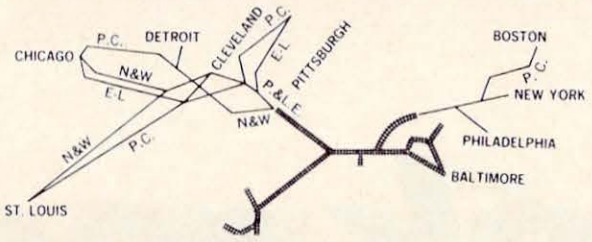

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Trailer Train's fleet of cars is nearing 60,000...

that's quite a

Indeed it is. In fact, we're adding cars at the rate of over 6,000 a year . . . because railroads and shippers are demanding Trailer Train equipment at a quickening pace. ▪ This year our flat cars will run nearly 3 billion miles. Equipment is in continuous active service at a 98% level. We're improving cars and service through a stepped-up research program. One of our newest standardized cars is the versatile All-Purpose Flatcar. So we grow. ▪ At 14 years old, Trailer Train is healthy and ready for anything . . . anything that will help move freight faster, further, cheaper and safer. Trailer Train Company, 1819 John F. Kennedy Blvd., Philadelphia, Pa. 19103. (215) 568-2434.

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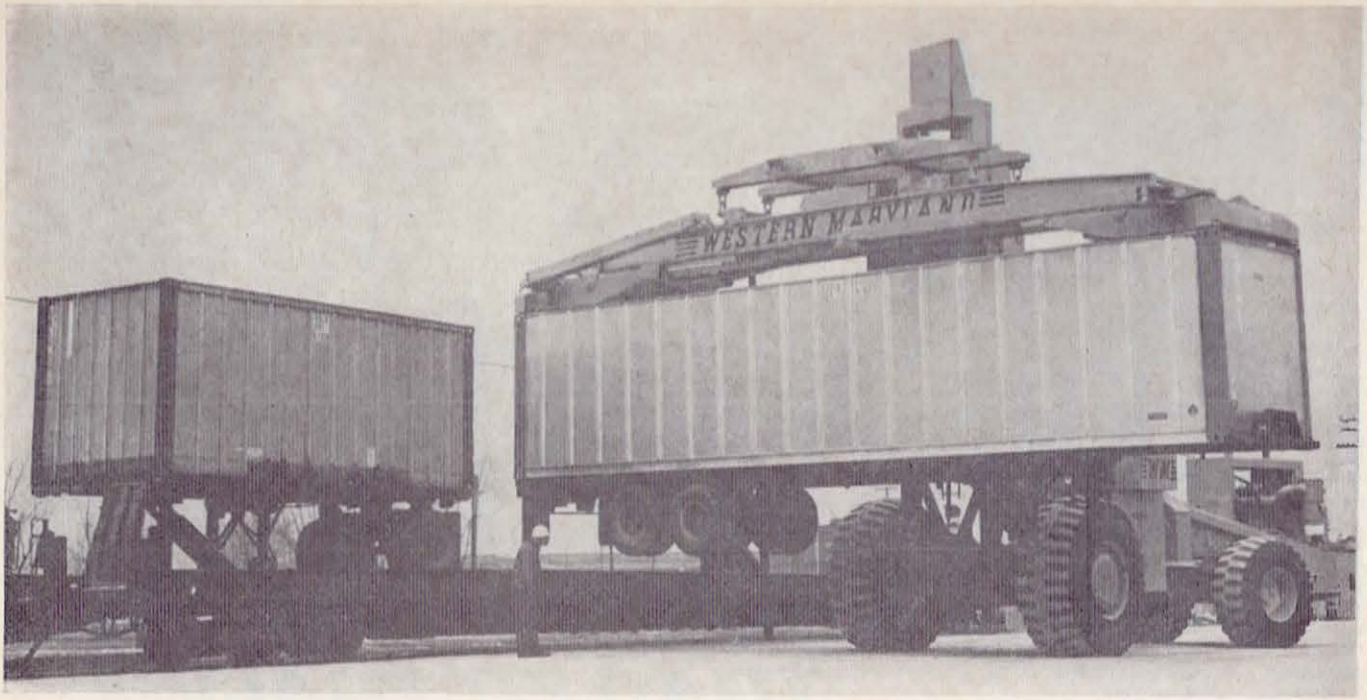
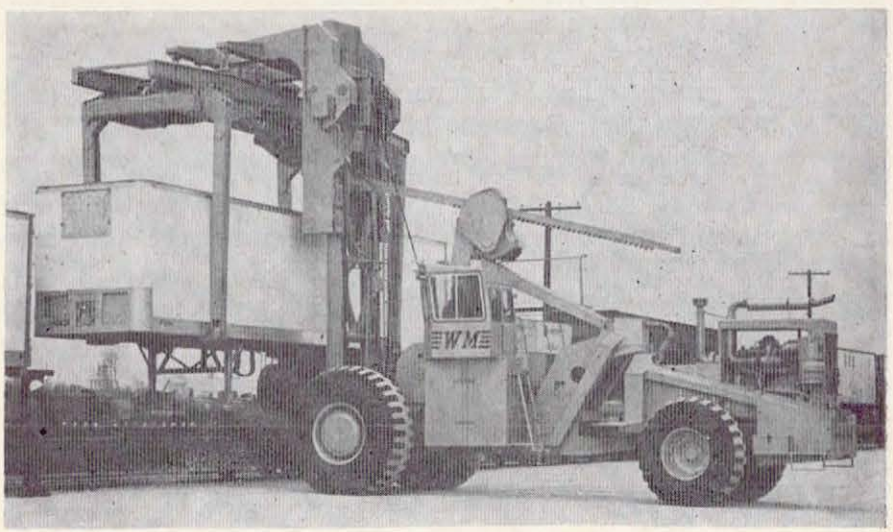


NOW...Western Maryland serves you 75% FASTER

Western Maryland's new, mobile Side Porter cuts trailer and container transfer time from 8 minutes to 2 minutes at our Baltimore port terminal. . . . . The powerful, diesel-electric Side Porter — a LeTro 2682 — will top or bottom lift trailers or containers (up to 40 ft. long) off customer transport, load them flush on a Western Maryland piggyback car in an astonishing one-quarter of the time required by conventional methods. . . . . And that time saved is your money saved: your freight moves faster, more economically, safely . . . through the terminal and to its destination via Western Maryland, your shortest link between the East and America's industrial heartland.



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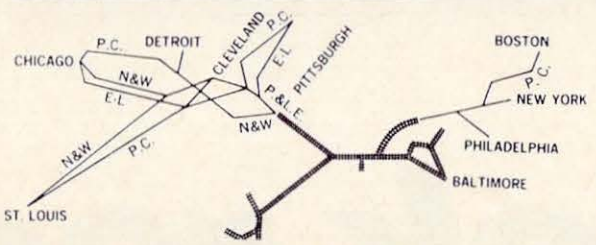

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Equipment Division, Holland Co., Lombard, Ill. He was formerly associated with **Berwick Forge & Fabricating Corp.**

Tamper, Inc., has appointed **John F. Girvan** and **Glen Haywood** regional managers, Northwest region, Minneapolis and Southwest region, San Francisco, respectively. **R. J. Moe** has been named manager of product promotion, Columbia, S.C. Sales representatives named are **Joe Felin**, South Central Region; **John Hartford**, Northeast region; **Frank O'Brien**, Northwest region; **Duffie Smith**, Southeast region.

W. J. Bittner has been appointed manager of business planning and industrial marketing, **WABCO, Ltd.**, Hamilton, Ont., Canada.

Charles F. Kaye, general counsel, **XTRA, Inc.**, Boston, has been elected vice chairman of the board of directors.

James W. Prewitt has been named sales representative, **Plasser American Corp.**, with headquarters at Kansas City, Mo.

Robert D. McIntyre, general sales manager, **National Castings Division, Midland-Ross Corp.**, Sharon, Pa., has been named director of sales and marketing. **Robert D. Sowers**, product manager—railroad side frames, bolsters and adapters, has been appointed to the newly created post of manager of sales administration. **John H. Schuller**, manager of scheduling and distribution, succeeds Mr. Sowers and additionally assumes the duties of product manager—trucks. **Elton Armitage**, assistant to the sales manager—pricing, has been promoted to manager of pricing and quoting.

Paceco-Vickers Limited, London, which recently became a wholly owned subsidiary of **PACECO**, will henceforth be designated as **Paceco International Limited** and will expand its operations in and beyond Continental Europe.

Arthur M. Bixby retired Oct. 31, after 45 years' association with the railroad industry. Mr. Bixby was district sales manager, **Dresser Transportation Equipment Division** of **Dresser Industries** until March, when he became consultant. He spent 14 years with the **New Haven** and was vice president—sales, Waugh Equipment Co., when that company became affiliated with Dresser.

Karl Ziebarth, formerly with **Hayden Stone, Inc.**, has joined **Dominick & Dominick**, New York, as senior analyst railroad securities.

Timothy J. Galvin has been appointed vice president, **Prime Manufacturing Corp. Leonard Heinlein** has been named sales manager-railroad accounts.

Theodore R. Hull has been appointed manager engineering technical services, **Keystone Railway Equipment Co.** He was formerly associated with the **American SAB Co.**

Carl A Hansen has been named director of manufacturing services, **Thrall Car Manufacturing Co.**

William E. Allen has been named to the newly created position of assistant vice president-fleet operations, **Union Tank Car Co.**

Donald E. Anderson named general manager, **J. B. Ford Division, Wyandotte Chemicals Corp.**, succeeding the late **Ford Ballantyne, Jr.** Mr. Anderson was formerly director of technical service. **Perle N. Burkard**, director of research, named to the newly created position of technical director. **Fred M. King** appointed director of marketing, a new position.

Joseph B. Dowling has been appointed intermodal national account manager, Heavy Equipment Division, **R. G. LeTourneau, Inc.**, Longview, Tex. Mr. Dowling has been associated with railroading in New Haven, Conn., for 25 years in executive and sales positions.

Frank Lorek has been appointed supervisor, marketing services, Transportation Group, **MLW Industries**, Montreal. **James L. Layton** has been appointed manager U.S. operations, Transportation Group, Northbrook, Ill. Mr. Layton was formerly

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western regional manager for **Alco. Claus F. Rebentisch** has been named manager, special projects, **MLW International,** at Montreal.

Redmond B. Gogan, industrial sales manager, has been advanced to general marketing manager, Industrial Division, **Aeroquip Corp.,** Jackson, Mich.

Vint R. Neel has been appointed field manager, Chicago Territory, Railway Equipment Division of **Nordberg Manufacturing Co.,** replacing **J. Raymond Graham,** retired after 25 years with Nordberg.

John H. Dugger, district sales manager, Railway Sales Division, **Texaco, Inc.,** Atlanta, Ga., will retire on Jan. 1, 1971, after more than 33 years with the company.

John H. Laperre has been appointed acting manager of long range planning and market research, Transportation Equipment Divisions, **Pullman Incorporated,** succeeding **James E. Cathcart,** who died Nov. 5.

Worthy Rogers, Detroit district sales manager, **Youngstown Sheet & Tube Co.,** has been appointed to the newly created post of regional manager of sales. His territory encompasses district sales offices in Boston, Buffalo, Cincinnati, Cleveland, Columbus, Detroit, Grand Rapids, Indianapolis, New York, Philadelphia, Pittsburgh and Youngstown.

INDUSTRIAL TRAFFIC

Jack D. Chilcott has been appointed traffic manager, Frankfort, Ind., plant, **General Battery Corp.**

Dwight J. Guckert has been named supervisor—rates and routes, Traffic Department, Crucible Alloy & Stainless Steel Divisions, **Crucible Steel Co.,** Midland, Pa. **Richard D. Opperman** has been appointed supervisor—traffic services.

The Traffic Department, **International Nickel Co., Inc.,** has moved from 67 Wall Street, New York, to One New York Plaza, New York 10004.

The Traffic Department of the **Steel Co. of Canada** has been renamed the Transportation Department. A Physical Distribution section has been established in the department and **George Oravec** has been named transportation & physical distribution manager.

Midwest Packers Traffic Association, Sioux City, Iowa, has elected the following officers: President, **Edward A. O'Connell,** Needham Packing Co.; Vice President, **Herschel Dennison,** Spencer Foods, Inc.; Secretary, **Star Lloyd,** Iowa Beef Processors, Inc.; and Treasurer, **John F. Hummel,** Spencer Foods.

Paul L. Mills has been named by the **U.S. Department of Agriculture** as chief of the Transportation Services Branch, Consumer & Marketing Service's Transportation & Warehouse Division. Mr. Mills will direct the staff that is responsible for representing the Secretary of Agriculture in freight rate and service matters involving farm and food products. Mr. Mills advances from the post of assistant to the director, Transportation & Warehouse Division.

OBITUARY

James E. Cathcart, 54, manager of planning and development, **Pullman-Standard Division** of **Pullman Incorporated,** died Nov. 5 in Chicago.

William J. Clifton, 71, retired general agent, **Detroit & Toledo Shore Line,** died Nov. 12 in Trenton, Mich.

Charles E. DeLeuw, 79, board chairman, **DeLeuw, Cather & Co.,** died Oct. 28 in the Whitehall Convalescent and Nursing Home, Chicago.

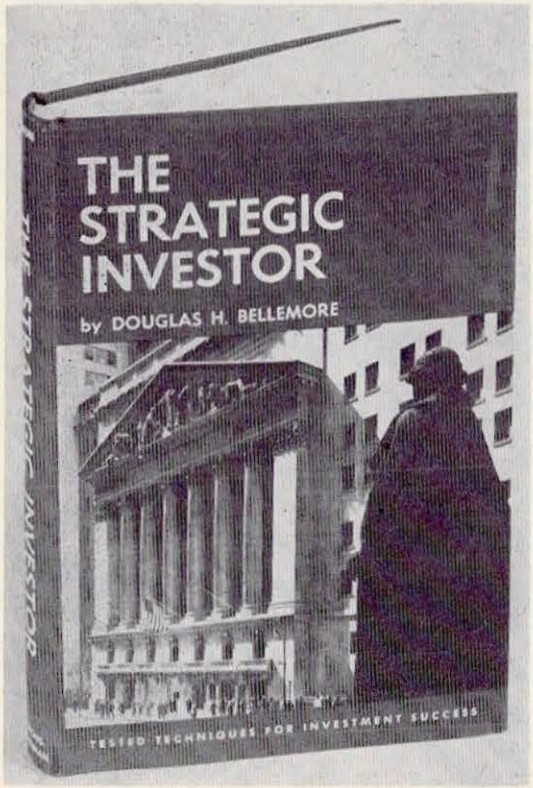
Arthur H. Droman, 82, retired general freight agent, **Detroit & Toledo Shore Line,** died Nov. 4 in Riverview, Fla.

Marvin D. Fife, 81, retired stationmaster, **Chicago Union Station,** died recently in John C. Lincoln Hospital, Phoenix, Ariz.

Thomas S. Hudson, 47 general sales manager-Western States, **Chicago & North Western,** died Nov. 9.

Arnold C. Sherwood, 78, who retired in 1960 as secretary, **Union Pacific,** at New York, died Oct. 29 at Valley Hospital, Ridgewood, N. J.

Turning $1,000 a year into $236,000



In this important book, Douglas H. Bellemore, Professor of Finance, New York University, tells you:

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- How the conservative investor, with much less work, can invest as little as $500 a year from 30 to 39, $1,000 a year from 40 to 65, and accumulate over $100,000 with the same reinvestment and tax-paying policy.
- What a poor gamble the stock market is for the average investor looking for fast action! He has about the same chance of getting rich as a horse player.

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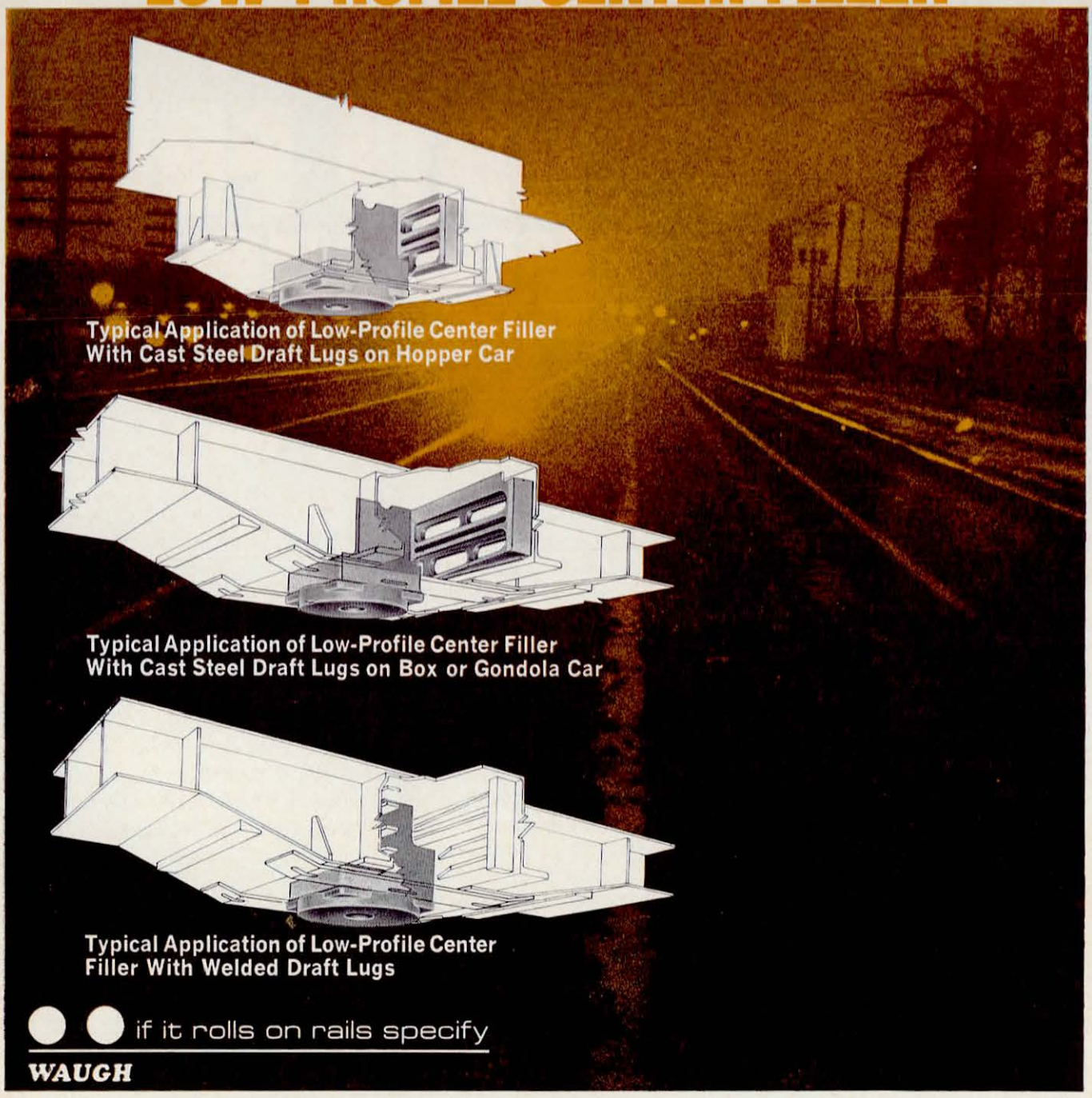

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Typical Application of Low-Profile Center Filler With Cast Steel Draft Lugs on Box or Gondola Car

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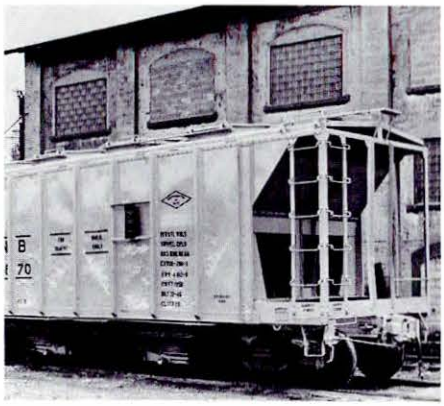
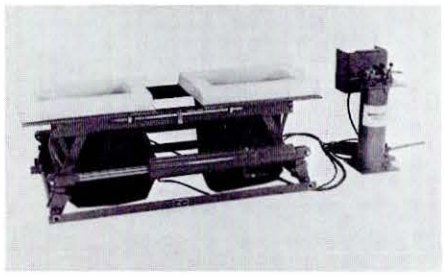
Circle 39 on coupon page 73

New Products Report



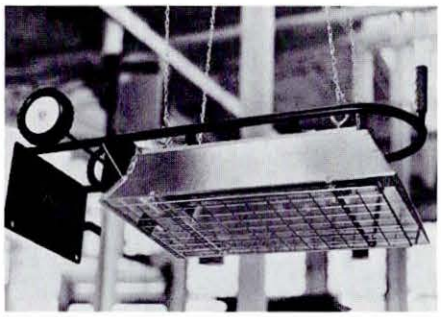
Covered hopper finish (RA-1)

Cement spillage on covered hopper cars which collects moisture and was creating a messy buildup has been eliminated with a new external finishing system. A short line tried several protective coatings and even attempted to apply plastic sheeting. Finally adopted was an epoxy coating which attains a high, attractive gloss. The finish consists of a base of Pug Primer, applied over the sandblasted surface to inhibit rust, and two coats of Glamorglaze enamel, an epoxy-resin-based material which acts like tile. Cement spillage can now be easily washed off. *Koppers Co.*



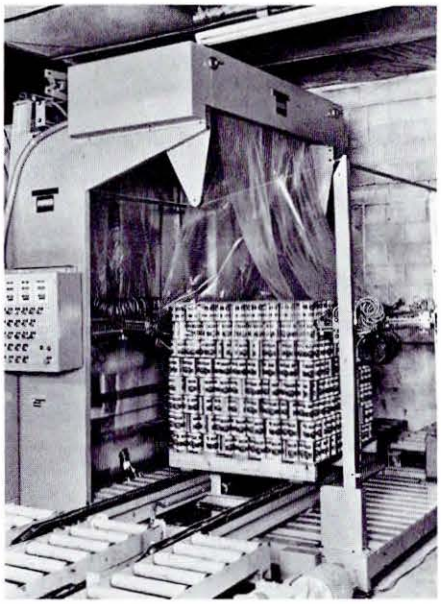
Hopper-car connector (RA-2)

The Boot-Lift System, the manufacturer says, eliminates the hazardous job of manually attaching bags to outlets. It connects hopper-car outlets to under-track conveyor systems "in seconds," and "no one crawls under the car." The replaceable foam ring provides a tight seal for clean material transfer from hopper car to conveyor storage. Force for a horizontal lift is provided by two specially designed air-actuated hydraulic cylinders. The system automatically adjusts to cant of car and applies pressure to tightly seal both outlets. Spread and transverse settings of connector are fully adjustable. Should air supply fail, a safety lock holds connector in place to prevent spilling. The unit is available to fit any size openings in center-flow, vacuum systems, and double-outlet cars. It rests between, and is no higher than, standard rails. Cars no longer need to be precisely spotted over outlets. Aligner moves system several inches each way from center. *Martin Engineering Co.*



Portable heaters (RA-3)

Special eye bolts are said to permit quick temporary or permanent mounting of the Spectrum Electric Infrared portable heaters. The heaters, which can be positioned or suspended from chain or cables, range from 2 to 13.5 kw (7400 Btu to 46,000 Btu input). *Spectrum Infrared.*



Automatic pallet bagger (RA-4)

Four- or five-sided bags are said to be made from gusseted plastic tubing fed from a roll at the side of the automatic pallet bagger which uses all standard components and solid-state bag-length controls. Film pulled from below the buttom of the pallet is impulse sealed and mechanically cut to length

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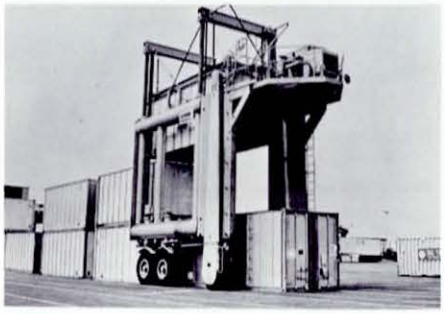
automatically. No tools are needed to change for size of pallet load which can vary in size up to 60 in. wide by 60 in. long by 90 in. high. The system, which consists of a bagger, conveyor and oven, can be used with existing heat sources, or is available as part of the new Despatch-Possis 4-5 pallet shrink system. The conveyor moves the pallet load into the bagger, then runs the bagged load into the oven at speeds up to 100 pallet loads an hour or more. Through the use of the see-through wrap, products can be stored outdoors or shipped in open trucks or rail cars. The wrap is also said to hold loose and irregularly shaped items in place without danger of damage from tight straps. *Possis Machine Corp.*



Van carrier (RA-5)

Developed to lift, transport, stack and load and unload containers in the fastest, most economical way, Model 512 van carrier finds broad application in ports and terminals. In terminals, the carrier can stack containers three high and also permits the stacks to be arranged in tighter rows. The one-man-operated carrier is capable of transporting loads up to 50,000 lb at a top speed of 12 mph and can be adapted easily to handle all conventional container sizes. *Clark Equipment.*

Overhead door (RA-6)

The Rol-Top overhead door is constructed of satin, anodized aluminum extrusions especially designed for maximum strength as well as to give adaptability in panel arrangements and panel materials such as glass, aluminum, fiberglass, louvers and exhaust port installations. They also provide for a range of customized sizes with the use of standard components. The shape of the extrusions accommodates a system of vinyl weather seals and gasketing of panels and glass to protect against leaks and rattles. All connections are double screwed for extra strength at stile and rail connections. The door, counterbalanced by Kinnear's torsion spring counterbalance assembly with shaft mounted in ball bearings, is especially suited to either motor or mechanical (hand chain and reduction gear) operation where size makes it more desirable than hand-lift operation. Designs are available for low head room, standard lift, high lift, and vertical lift installations. *Kinnear Corp.*

Incinerating toilet (RA-7)

A new all-electric incinerating toilet, designed especially for diesel locomotives, is designated Model "S" for "simplified."

Model "S," constructed of stainless steel with heavier gauges than in earlier units, features a new catalytic odor-control section enlarged by about 60% to ensure high-level odor control within and without the locomotive. The stainless steel seat and bowl cover present the user with a toilet unsoiled by locomotive dust, dirt and grime. The self-sanitizing bowl, in conjunction with the stainless steel plug in the seat cover, offers maximum simplicity of flushing with no moving parts.

The circular incinerator and ashpan ensure maximum longevity of incinerator and components, as well as simplified maintenance procedures. Model "S," with no continuously moving parts, provides for automatic initiation of the incineration cycle by closing the seat cover. *Research Products Manufacturing Co.*

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Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended Nov. 14 totaled 524,832 cars. This was a decrease of 2.6% below the previous week and 8.4% below the corresponding week last year. Ton-miles generated by carloadings in the week ended Nov. 14 are estimated at 14.6 billion, a decrease of 6.9% below the corresponding week of 1969.

REVENUE FREIGHT CARLOADINGS

Commodity	Nov. 14 week	Nov. 7 week	Oct. 31 week
Grain	35,137	35,375	34,293
Farm products	24,428	23,778	23,330
Metallic ores	34,227	34,332	44,989
Coal	99,444	109,884	111,097
Crushed stone, gravel & Sand	30,369	30,392	31,783
Nonmetallic minerals	9,574	9,396	9,915
Grain mill products	20,151	20,649	20,562
Food & kindred products	25,055	25,691	27,237
Primary forest products	25,395	25,326	24,864
Lumber & wood products (except furniture)	14,545	14.580	15,255
Pulp, paper & allied products	22,950	22,986	23,972
Chemicals & allied products	26,767	26,138	26,279
Petroleum products	10,054	10,082	10,027
Stone, clay & glass products	17,993	19,249	19,247
Coke	8,477	8,750	8,281
Metals & products	23,030	23,336	23,990
Motor vehicles & equipment	12,469	12,609	12,980
Waste & scrap materials	13,494	13,629	14,850
Forwarder & shipper assn. traffic	5,909	6,701	7,204
All other carloads	64,809	65,116	69,527
LCL traffic	555	611	617
Total cars loaded	524,832	538,610	560,299

CUMULATIVE TOTAL, 46 weeks	1970	1969	1968
	24,282,027	25,117,088	25,179,988
Estimated revenue ton-miles (billions) 33 weeks	677.0	681.9	663.2

PIGGYBACK CARLOADINGS

U.S. piggyback loadings for the week ended Nov. 7 totaled 25,574 cars (7.0% below the corresponding week last year), and 40,178 trailers or containers (down 12.3% from 1969). Cumulative volume for the first 45 weeks of 1970 is 1,109,919 cars (5.3% below the 1969 total), and 1,827,907 trailers or containers (down 5.3% from 1969).

IN CANADA

7 days ending	Revenue Cars Loaded	Cumulative Totals
Nov. 7, 1970	78,998	3,318,337
Nov. 7, 1969	77,028	3,114,120

FREIGHT-TRAIN CARS

● *Penn Central.*—Is acquiring 25 191,000-lb-capacity covered hopper cars for bulk flour shipments. The cars will carry more than three times as much flour as the average box car and nearly twice as much as other covered hopper cars normally used for bulk flour shipments. The Amcar Division of ACF will build the cars. They will be a refinement of the ACF Center Flow PD cars PC uses in Flexi-Flo service. Each will be 55 ft, 9½ in. long, 15½ ft high, 10 ft 7¾ in. wide, and weigh 71,400 pounds empty.

● *Phelps Dodge Industries.*—Ordered 45 air-operated copper ore cars from Gunderson Inc., Portland, Ore., at a cost of more than $1 million. Delivery is scheduled for early 1971. Phelps Dodge will use the cars in its operation at Morenci, Ariz.

● *Santa Fe.*—Will spend about $50 million for acquisition of 2,550 new freight cars in 1971. Included will be 400 mechanical temperature-control cars to be built in Topeka, Kans., company shops at a cost of about $13.5 million. The remaining 2,150 cars will be ordered from commercial carbuilders.

● *Southern.*—Ordered 1,200 70-ton general-purpose box cars from Pullman-Standard at a cost of approximately $19 million. All of the cars will have nailable steel flooring; 800 will be equipped with 10-ft sliding doors; 400 will have 16-ft double sliding doors. Deliveries are to begin early in January and are to be completed during April.

● *Trailer Train.*—Ordered 178 new piggyback and container cars, each 89 ft, 4 in. long. Bethlehem Steel will supply 97 standard-level cars. Pullman-Standard will supply two standard-level, 59 low-level and 20 container cars. TTX has ordered 3,527 new cars since Jan. 1. As of Nov. 4, TTX had 58,263 cars in service or on order.

NEW FACILITIES

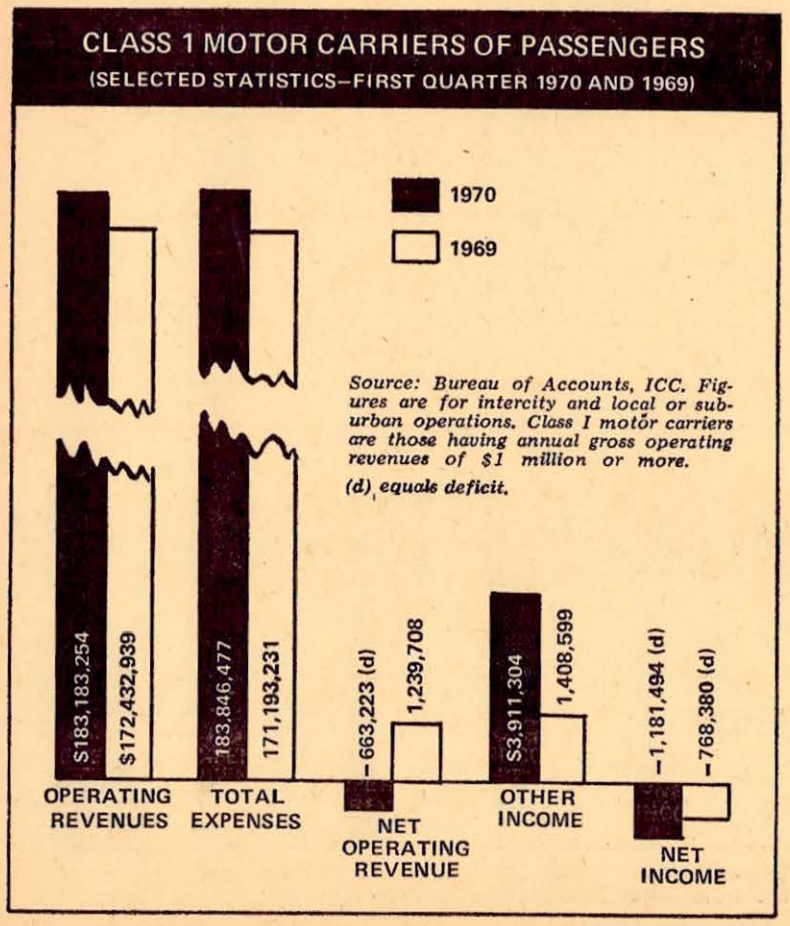
● *Burlington Northern.*—Awarded a $1.2-million contract to Stromberg-Carlson Corp. to merge and enlarge BN telephone systems into an integrated network. S-C will supply three new tandem switching centers and enlarge five S-C-equipped centers. The resulting center will link 46 private automatic branch telephone exchange systems along the railroad.

● *Canadian National.*—Awarded a contract to Bird Construction Co. Ltd., Winnipeg, for construction of a new $1-million express terminal adjacent to CN's Symington Yard.

Also, CN has ordered equipment from General Railway Signal Co. for installing centralized traffic control on 96 miles of double track from Kingston, Ont., to west of Dorval, Que. Control will be from the traffic control center at Belleville, Ont., via System 4000, a GRS high-speed electronic coding system. In addition, CN has ordered from GRS materials to add control of switches and signals at Caron, Ont., to the Belleville center, a control distance of about 200 miles. Both installations will use Model 55F dual-control switch machines and Type SA-1 searchlight signals.

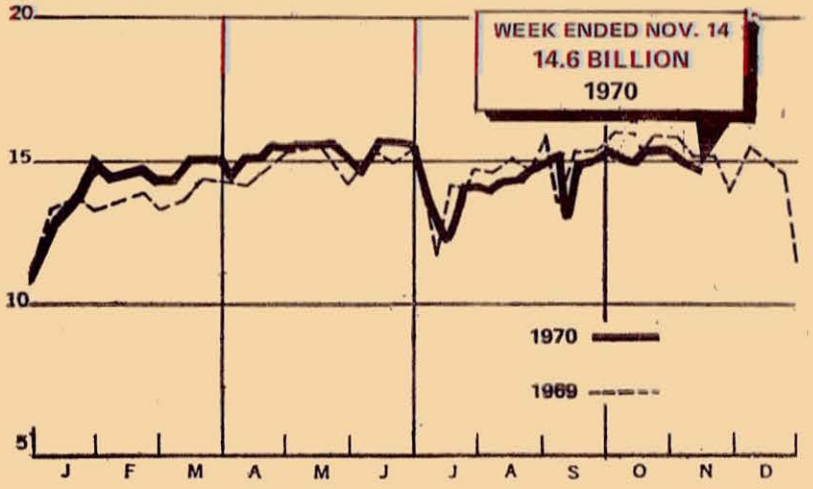
● *Penn Central.*—Ordered 455 two-way locomotive radios for installation on all trains serving the Hudson, Harlem and New Haven divisions. Financing was arranged by New York's Metropolitan Transportation Authority and the Connecticut Department of Transportation.

● *Santa Fe.*—Ordered nine KarTrak automatic car identification systems from the Commercial Electronics Division of GT&E Information Systems. The nine systems, plus two that have been tested on the Santa Fe, will be installed in the railroad's Argentine Yard in Kansas City, Kans.



RAIL FREIGHT TRAFFIC TRENDS

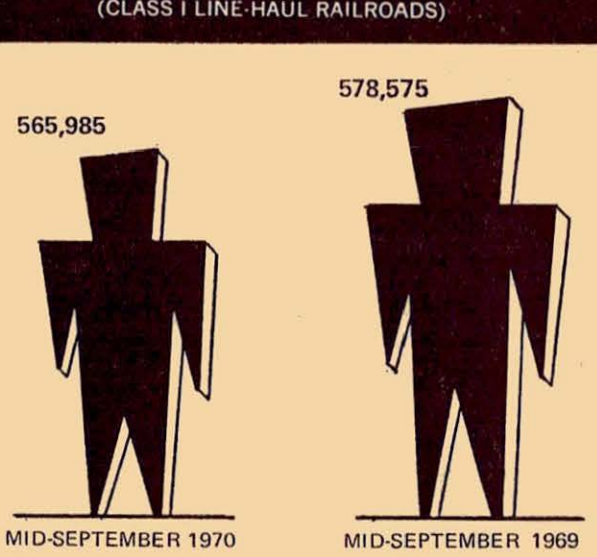
BILLION TON-MILES (Estimated)



Source: Association of American Railroads

RAILROAD EMPLOYMENT

(CLASS I LINE-HAUL RAILROADS)



Source: Bureau of Accounts, ICC.

SHIPMENTS OF RAILROAD STEEL PRODUCTS

(SEPTEMBER AND NINE MONTHS 1970)

	NET TONS			
	September	Per Cent Change*	Nine Months	Per Cent Change*
Rails, trackwork and equipment	36,817	-42.6	817,491	-0.9
Freight and passenger cars and locomotives	139,893	-20.1	1,550,448	-10.1
Street railways and rapid transit systems	6,102	+7.3	35,073	-14.3

*Per cent change compares 1970 periods with like 1969 periods.
Source: American Iron and Steel Institute.

Viewpoint

ASTRO needs a positive approach

In their efforts to win implementation of all or part of the ASTRO proposals, railroads must do more than demonstrate to Congress that they are needy and underprivileged. Congress is not in the welfare business.

That railroads "need" ASTRO is hardly disputable, even by their enemies. No one doubts that railroads need to pour many billions of dollars into freight cars and locomotives and improved roadway. And no one who can read a balance sheet believes that railroads can accomplish this short of the massive aid, accompanied by relief from regulatory and national-policy restraints, proposed by ASTRO.

But while Congress is not in the welfare business, it *is* in the business of protecting the public interest. It is in this area that railroads must make their case. The question that must be answered is not "Who needs ASTRO?" But "Who needs railroads?"

Railroads must prove that the answer is, in the words of the Wally Schirra television commercial, "You do. We all do."

"You" in this instance is the consumer. Not the railroad. Not the railroad supplier. Not even the railroad shipper. But the ultimate beneficiary—the citizen whose interests Congress is sworn to preserve, protect and promote.

Unfortunately, some of the public speeches that have been made so far on behalf of ASTRO have tended to fall into the crying-jag category, emphasizing the industry's problems, its weaknesses. That is unfortunate, because it is the industry's inherent strength, its demonstrated ability to do an essential job that no other mode can do, that makes the ASTRO case a good one.

The ASTRO report itself, while depicting in stark terms the desperate situation of many segments of the industry, does so only after eloquently describing the underlying strength of railroads as efficient movers of essential freight. ASTRO-advocating speech-writers will do well to examine this section of the report with particular care.

WHAT'S RIGHT WITH RAILROADS

ASTRO points out that railroads deliver over 70% of the coal tonnage required by electric utilities and the manufacturers of iron, steel and clay products. That railroads haul 73% of the cotton for textile mills. That they handle 60% of all manufacturers' shipments, exclusive of petroleum and coal products; they haul 46% of meat and dairy products; 74% of canned and frozen foods; 71% of household appliances; 76% of automobiles and automobile parts; 86% of pulp and paper; 78% of lumber and wood.

ASTRO quotes a Federal-government study which shows that even a one-month rail shutdown would reduce the GNP by 13%; raise the unemployment rate to 15%; and cripple important industries.

Even more to the point, ASTRO notes that even the most pessimistic forecasts say railroads must be prepared to handle one-third more freight traffic in 1980 than they do today—or more than one trillion ton-miles a year.

All of this is what makes ASTRO a vitally important document. Not because railroads are in trouble. But because the nation will be in deeper trouble if railroads are not able to measure up to the task that lies ahead.

LETTERS

Chicago

To the Editor:

Your editorial November 9 quite perceptively stated the case for what we here at the Illinois Central and the United Transportation Union undertook when we launched our joint JOBS Commission in July.

As Scheff Lang says, "new rules are needed not so much because they will be cheaper, but because they will permit railroads to provide better service at reasonable cost." Present rules are built upon monopoly assumptions and dictates of "efficiency" tailored to train performance, yard performance and so forth. Of course, shippers don't buy train performance and yard performance. They buy movement from one specific point to another specific point. Smaller crews, smaller trains, fewer seniority district and yard-road restrictions—would help railroads and railroad men create services and reliability that shippers will want to buy.

Those who knock our effort tend to view JOBS Commission as some kind of flimflam some sort of delaying tactic —or some kind of an effort to persuade the unions to do less well for the men they represent than they might have otherwise have done. That, of course, is nonsense. Every proposal considered by the JOBS Commission represents a more expensive labor input per car than the industry has ever considered before. However, though very labor-intensive, such proposals represented services which, in our view, could be profitably sold.

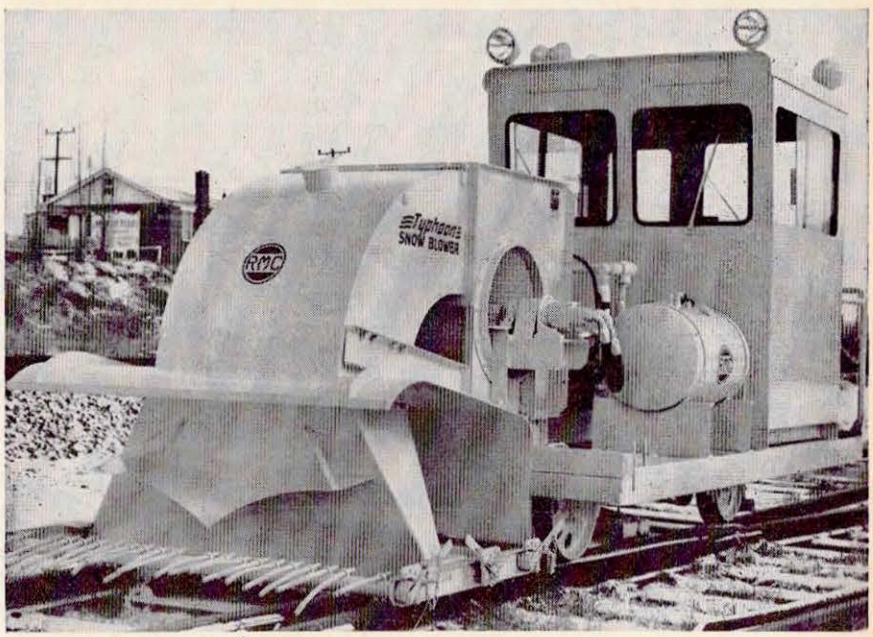
We have had several split votes from the JOBS Commission. We are convinced of the sincerity and integrity of the labor members of the JOBS Commission. We certainly hope they know how dedicated we are to mutually beneficial change. Both sides have a great deal to gain, and, really, very little to lose, from cooperative change. I am hopeful that JOBS Commission will soon agree upon the first of the labor-intensive (but, hopefully less capital-intensive) services which could mark the turning point for railroads.

It is difficult work, getting such old adversary interests together for cooperative purposes, but intelligent comment such as is made in your November 9 editorial makes it a little easier. I am sure it will be appreciated by those who feel the JOBS Commission is the cooperative style of the future.

Alan S. Boyd,
President, Illinois Central

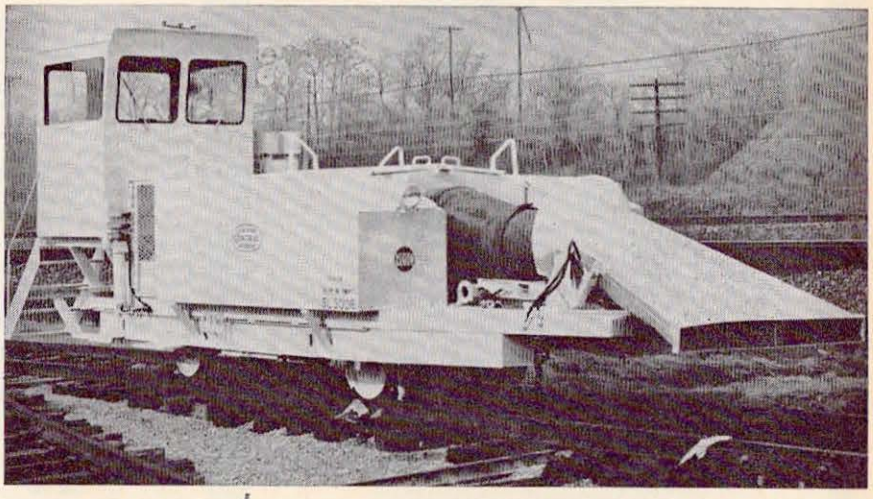
Typhoon or Hurricane...

Clear . . . Snow . . . Fast!



TYPHOON

Removes snow down to frozen ballast—from around switch rods, operating rods, from under stock rails and switch points. 160 mph wind blast distributes snow to atmosphere. Shown is self-propelled Typhoon with heated cab. Skid-mounted and wheel-mounted versions also available.



HURRICANE

Essentially a jet engine mounted on a self-propelled, rail-mounted car, Hurricane directs a continuous blast of high-velocity air (650 mph) at snow on tracks. Very effective for removing snow from tracks and switches in heavy snow territory.

RMC

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The "ASTROnauts" go to work

(Continued from page 27)

let alone expand," says Correa. "Some railroads have been using working capital, to buy equipment, but working capital has declined to the point that these railroads are afraid to dip into it further. That is why the ASTRO program is essential."

Correa also points out that enactment of ASTRO's equipment proposals will help to stabilize railroad buying, and help correct the feast-or-famine buying patterns that are so costly to suppliers and even more costly to the railroads themselves.

Will suppliers take an active role in Congressional hearings on ASTRO?

"We certainly will," affirms RPI's chairman. "We have restructured the Railway Progress Institute in a manner which I think will enhance our effectiveness. We have formed a National Policy Committee which will develop policies to be followed by Nils Lennartson [RPI's president] and his staff in Washington. This will give us a new tool to use. We will now have not merely an individual witness making a formal statement on behalf of the RPI—but spokesmen reflecting the considered policy of the entire railway equipment industry."

Another advantage of the National Policy Committee, says Correa, will be that it will involve more of the equipment industry's top people in national matters: "They will become more knowledgeable and expert in testifying and in contacting the people who make the decisions."

Both Correa and Lennartson are pleased with the broad base of support which RPI now enjoys, but they are not complacent. "Our membership committee is today busier than ever," Corea says. "We are especially interested in gaining the support of those companies that supply large amounts of equipment to the railroads through one of their divisions. We are working on divisional memberships which should encourage multi-product companies to participate in the work of the RPI. Naturally, their support will help us to do more at the grass roots level as well as in Washington."

Meanwhile, there have been strong expressions of support from individual manufacturers. Typical is that of William Ayres, vice president and general manager of the Westinghouse Air Brake Division of WABCO: "We fully support the ASTRO report and recommendations. This study projects the extent to which our nation's transportation capability could be adversely affected by the end of the decade if our government does not adopt a national transportation policy premised upon balanced treatment of modes."

Another supplier, Pullman Standard Division of Pullman Inc., expressed its support for the railroads' program by keying its new advertising campaign to ASTRO (see back cover, this issue).

● **The customers pitch in.** Organized shipper support for ASTRO is beginning to take shape. Allen K. Penttilla, chairman of the National Association of Shippers Advisory Boards, says there has already been general discussion of ASTRO proposals—and a letter on ASTRO will soon be going out from the national and regional officers. The National Industrial Traffic League will also support key ASTRO recommendations. Predictably, ASTRO proposals involving car supply are getting primary attention. But there's also a recognition among shippers that the full range of ASTRO programs promises substantial service benefits. If past experiences is any guide, shipper support for ASTRO will come through individual contact with legislators and, probably, through hearings on behalf of the national association. ■

Circle 41 on coupon page 73

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WORLD REPORT:

East Europe looks westward for freight cars

Five years ago I'd have predicted that no western supplier would be able to edge into the East Europe freight-car market. Things seemed too tightly buttoned up in the Comecon block.

Now the prospects look almost rosy. For almost all the East European Communist countries are suffering a serious and chronic shortage of freight cars. Just a few weeks ago two French suppliers—Ateliers du Construction du Nord, Societe Frangeco and Franco-Belge—scooped an order from East Germany for 10,000 cars. And Yugoslavia—not a member of Comecon but boasting a big domestic supply industry—is now in the market for 10,000 cars from western manufacturers.

I have a feeling some other countries may follow the East German and Yugoslav lead—provided good credit terms, or hard currency loans, or both, are available.

In Warsaw a few weeks ago I was told Polish State Railways (PKP) aims to buy 58,000 high-capacity freight cars under the new five-year (1971-75) plan—20,000 more than under the 1966-70 plan. It seems unlikely that Poland's own car factories will be able to supply that number—even though output will probably be more over the five years. The reason? Poland acts as supplier of freight cars to most of the other Comecon countries, and contracts are all on a long-term basis. Exports come first.

Czestaw Goscitowicz, director of PKP's economic department, told me: "Shortage of freight cars is easily our biggest traffic problem. Traffic is piling up as industry expands, and the cars just aren't there."

All the Comecon countries launch new five-year plans in January. And all will be investing heavily in new freight cars. Who'll supply those they can't build themselves? My guess is that any western supplier who can get government backing on credits will at least get a bite at the cherry.

South Africa bitten by the commission bug

Why is it that state-appointed commissions on transport come up with so many half-baked answers? Qualification for membership seems to be anything but a knowledge of the basic problems of transport or railroads.

Take South Africa, for instance. They had a commission solemnly sitting until a few months ago. They came up with an answer to the economic problems faced by South African Railways (SAR)—convert the existing 2,300 miles of electrified lines from 3000 V dc to 25kV ac. No one worked out what it would cost to amortize the conversion.

I asked J. G. Loubser, newly appointed general manager of SAR what he thought of the proposal. His laconic comment: "It wouldn't be wise or economic—especially as the life of an electric locomotive is 30 to 40 years. But we're considering using this form of traction on new extensions to the network."

Elsewhere in its report the commission recommended that SAR should concentrate on medium- and long-haul traffic, and leave short-haul traffic to highway operators. Loubser told me: "It's worth noting that they didn't state specifically that SAR should carry *all* traffic over middle and long distance. So in effect the road haulier would have not only a virtual monopoly of short-haul traffic, but he'd continue to compete with us for other traffic."

What really got under Loubser's skin was the suggestion that all bulk and carload traffic—most of it low-rated—should remain legitimate rail traffic. So the lucrative traffic would go to the roads, and SAR would take the rest.

Then, of course, a new commission would be set up to solve SAR's deficit problem.

Germans plan to hike train speeds

Pushing on with their program to speed up services to 200 km/h (125 mph) on all main lines, German Federal Railways (DB) has placed an order for its first three 125-mph four-car electric trainsets. They'll be zipping along intercity routes in Germany some time in 1972.

Contracts for the new cars have gone to German suppliers Linke-Hofmann-Busch, WMD and MAN. Siemens will supply electrical equipment.

Within the next few years, DB plans to have 72 German cities linked by trains capable of 100-125 mph.

Tests are also being made to uprate the new series 103 electric locomotives for a top speed of above 150 mph. Present top is 125 mph. By 1972, DB officers reckon to have around 7,500 miles of track suitable for speeds of 125 mph.

Nigeria will strengthen long-haul freight service

Rail services between east and north Nigeria have now been fully restored, after a long period of disruption during the recent bitter civil war.

Restoration of full service came after reconstruction of the 450-ft Imo River bridge, opened to traffic at the end of September.

Now Nigerian Railways plans to spend heavily on new freight cars, with the aim of beefing up long-haul freight services. Orders have already been placed for 800 freight cars and 88 diesel locomotives.

Much of the new equipment will be paid for from a $25-million World Bank loan granted earlier this year for development of all forms of transport.

Though the military situation in Nigeria seems to have been resolved, railway operation still has its hazards. New waybills, tickets and other travel documents have been printed to beat fraud. And there has been some sabotage of railway installations—mainly telecommunications cables.

Now military police have instructions to fire at anyone seen carrying out acts of sabotage or willful damage.

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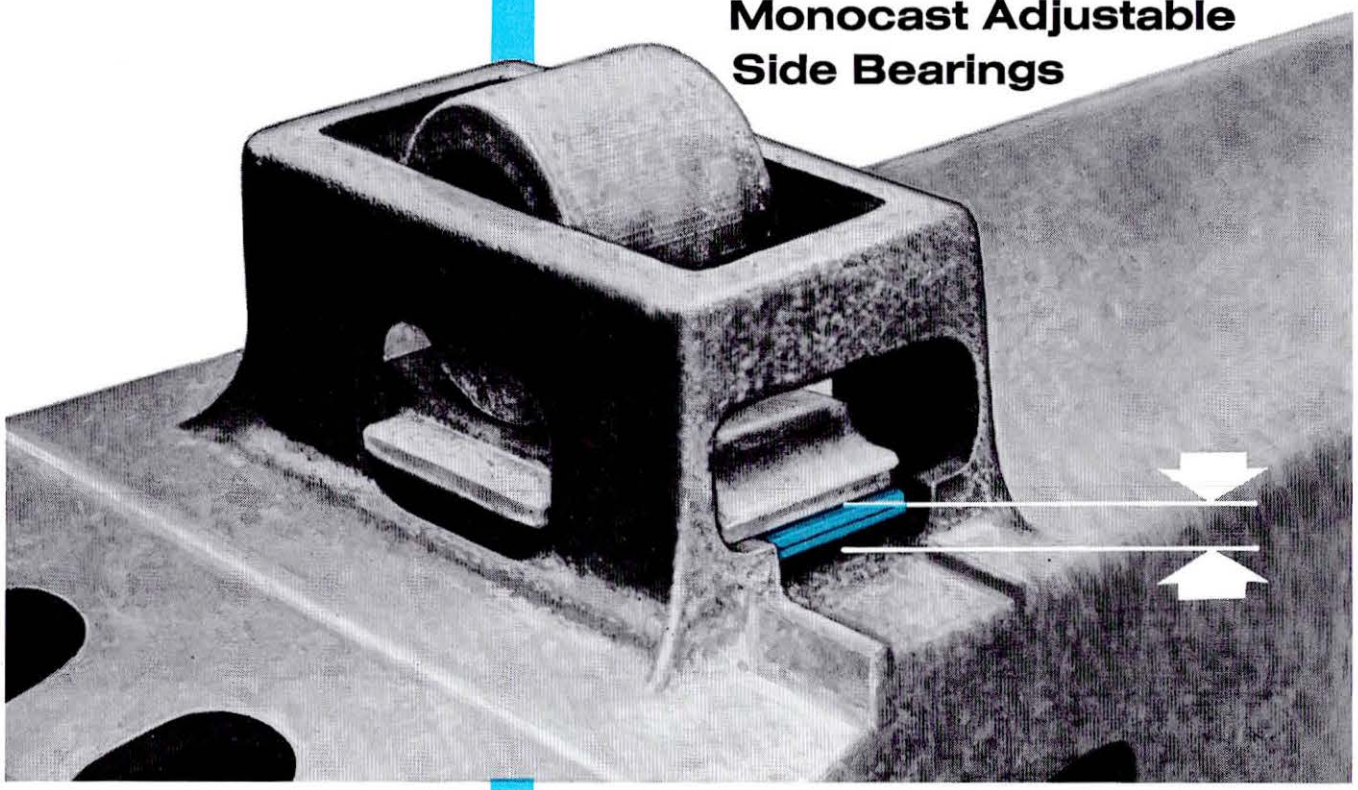

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"But we must remember," the Secretary of Transportation said recently, "that those goods are shipped in bulk at vital stages of their manufacture or processing, and that without the mass movement capabilities of our railroad system... shopping bags could soon be empty."

Of the overwhelming number of products that are delivered finally by truck, rails play an indispensable role in their earlier movement and distribution.

The very fact that last year 3,487,668 trailers travelled piggyback on rail cars attests to the tremendous importance of a smooth, integrated, intermodal system of transportation.

For doing their 41.1% part in meeting our transportation needs, the railroads received 14.1% of the pay. But the fact that we pay far less to ship by rail than by other modes is not the problem. The railroads are proud to provide a dramatically economical way to ship. The problem is they lack the freedom to apply these economies intelligently to changing needs and situations.

The rules governing one part of our transportation system differ in concept and application from rules governing another.

Today's railroads are forced to operate under a concept of restraints that date back to the 1870's.

These cumbersome and complex federal regulations are further complicated by overlapping state regulations.

There is no freedom for railroads to raise rates where rising costs have made it necessary.

There is no freedom for railroads to lower rates where possible.

There is no freedom for experimentation to streamline the rail system to operate efficiently within our modern day competitive economy, for its own health and that of our economy.

But there *is* a railroad crisis.

And it is a crisis that burdens every consumer with high cost and inefficient transportation.

It is a crisis perpetuated by laws that treat the railroads as a 19th century monopoly, rather than part of a 20th century intermodal transportation system.

The President himself has stated in his Economic Report to Congress that these laws are no longer justified.

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